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REFERENCE BOOK

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03 +
103
cancelled



= Agenda

NOTICE OF CANCELLED MEETINGS

The following Regular Port Commission Meetings have been CANCELLED:

JULY 8, 2003 @ 3 P.M.

AND

JULY 22, 2003 @ 3 P.M.

DOCUMENTS DEPT.

JUL - 3 2003

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07-03-03A11:20

A Special Port Commission Meeting is scheduled on:

JULY 16, 2003 @ 3:30 P.M.
in the Port Commission Hearing Room
2nd floor, Ferry Building

San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

JULY/AUGUST 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
July 8 Cancelled	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
July 16 Special Meeting	3:30 p.m.	Port Commission	Port Commission Room @ Ferry Building
July 22 Cancelled	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
August 12	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
August 26	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building

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The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

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Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, please contact Donna Hall, Administrator at 554-7724; fax 554-5163; e-mail address Donna_Hall@ci.sf.ca.us; City Hall, Room 244, One Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4689. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Ordinance Task Force, the San Francisco Public Library and on the City's Website at www.ci.sf.ca.us/bdsupvrs/sunshine.

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JUL 11 2003

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**SAN FRANCISCO
PORT COMMISSION**

PLEASE NOTE THE TIME & LOCATION OF THE MEETING.

SPECIAL MEETING

3:30 P.M., WEDNESDAY, JULY 16, 2003

**PORT COMMISSION HEARING ROOM, 2ND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111**

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

AGENDA

1. ROLL CALL

2. APPROVAL OF MINUTES - June 24, 2003 Regular Meeting

3. EXECUTIVE

A. Executive Director's Report

4. ADMINISTRATIVE SERVICES

A. Request for approval of Rate Increase for Port Parking Meters. (Resolution No. 03-46)

5. MARITIME

A. Request for approval of MOU-13511 between the San Francisco Police Department and the Port of San Francisco for use of space at Hyde Street Harbor. (Resolution No. 03-47)

B. Request for approval to authorize staff to award the professional services contract for "Rail Consulting Services" to George R. Fetty and Associates. (Resolution No. 03-48)

C. Request for authorization to accept and expend \$3,475,000 in grant funds awarded to the Port of San Francisco by the Transportation Security Administration for the purpose of enhancing facility and operational security at the Port's cruise, ferry, and cargo terminals. (Resolution No. 03-49)

6. REAL ESTATE

A. Request for approval of lease for surface parking between the Port and Pacific Park Management, Inc., a California corporation, at Seawall Lot 322-I, located at Front Street between Broadway and Vallejo Street. (Resolution No. 03-53)

- B. Request for approval to rescind Resolution No. 91-118, Adoption of Policy regarding Rent Credits. (Resolution No. 03-54)

7. ENGINEERING & MAINTENANCE

- A. Request for authorization and execution of professional services contracts for As-Needed Engineering and Environmental Services, each in the amount not to exceed \$1,000,000 with: (1) Parsons, Brinckerhoff, Quade and Douglas, Inc. (Resolution No. 03-50) and (2) Moffatt and Nichol Engineers (Resolution No. 03-51)
- B. Request for authorization to advertise a Request for Proposals for Disposal Services for Drydock No. 1, Contract No. 2688. (Resolution No. 03-52)

8. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

9. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion Items)

- a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (3 cases):
- F. Alioto Company, Inc. et al. v. City & County of San Francisco, et al., Superior Court Petition CPF 03-503016. (Discussion Item)
 - Claim of SeaRiver Maritime, Inc., San Francisco Claim No. 03-01694, filed November 22, 2002. (Discussion and Action Item)

Discussion and approval of proposed settlement of administrative claim seeking \$73,300.20 for tugboat damage and related costs when Drydock #1 parted from its moorings during a storm on November 7, 2002. Proposed

settlement for payment of \$68,300 in exchange for claimant's full release and dismissal of all claims against the Port.

A copy of the proposed litigation settlement agreement is available for inspection with the Executive Secretary for the Port, pursuant to San Francisco Administrative Code Section 67.12(b)(3).

- Paul D. Roger v. Alex Lee, City and County of San Francisco dba Port of San Francisco, et al. (U.S. District Court, N.D.Ca. C025956 CJS), filed December 27, 2002. (Discussion Item)

- b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Defendant and As Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Pier 94
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Hanson Aggregates: Bill Butler

Under Negotiation: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 94.

- b. Property: Piers 19/23
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Big C Traders: Raymond Lynch

Under Negotiation: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 19/23.

- c. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Maritime Director
*Marine Terminals Corporation: Ken Passe

Under Negotiation: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 80.

- d. Property: Taylor Street
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Sabella & LaTorre Seafoods: Greg Dyer

Under Negotiation: ____ Price ____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Taylor Street.

- e. Property: Pier 96
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Sanitary Fill Company: Maurice Quillen

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 96.

- f. Property: 160 Jefferson Street
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Boudin Properties Inc.: Lou Giraudo

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at 160 Jefferson Street.

- g. Property: Seawall Lot 349
Person Negotiating: Port: Ken Winters, Director of Real Estate
*PUC: Ed Smeloff

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Seawall Lot 349.

- h. Property: Fisherman's Wharf Inner Harbor
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Fisherman's Wharf Inner Harbor Restaurant Tenants: Various Tenants

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Fisherman's Wharf Inner Harbor.

10. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12
- B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

JULY/AUGUST 2003
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MEMORANDUM

July 9, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong 
Executive Director

SUBJECT: Approval of Rate Increase for Port Parking Meters

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION INCREASING PORT PARKING METER RATES.

BACKGROUND:

The Port Harbor Traffic Code, Article 10, Sec. 82 established that the denomination of the coin or coins that shall be deposited in the parking meters, the parking time allowed following deposit of such coins, and the hours during which such deposits are required, shall be fixed from time to time by resolution of the Commission for the area or areas in which parking meters are now or may hereafter be installed and shall be such as will best promote efficiency and safety in the use of the area under the control and jurisdiction of the Commission.

On April 15, 2003, the Board of Supervisors (Board) passed Ordinance No. 71-03 approving parking meter rates effective April 18, 2003. The new rates are now higher than the rates charged in the area under the control and jurisdiction of the Port Commission. Port staff proposes rates comparable to the Board approved rates as shown in the table below.

	<u>Old Rate</u>	<u>New Rate</u>	<u>Increase</u>
City	\$1.00	\$1.50	\$0.50
Port (Proposed)	\$1.00	\$1.50	\$0.50

The Port has approximately 800 parking meters in the areas under the Commission's jurisdiction. Port staff estimates that implementation of the new rates will cost approximately \$2,200 (\$1,300 for two electronic auditing equipment and \$800 for replacement plates). Port staff also estimates that the new rates will generate approximately \$300,000 to \$400,000 additional revenues annually.

RECOMMENDATION:

Port staff recommends that the Port Commission approve the request to increase the parking meter rates charged in the area under the control and jurisdiction of the Commission to be comparable to rates approved by the Board.

Prepared by: Chudi Chuba, Finance Manager

This Print Covers Calendar Item No. **4A**

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-46

- WHEREAS, Pursuant to the Port Harbor Traffic Code provides, Article 10, Sec. 82 which established that the Port Commission has jurisdiction over the parking meter rates within the port area; and
- WHEREAS, The Board of Supervisors passed Ordinance No. 71-03 on April 15, 2003, approving parking meter rates effective April 18, 2003; and
- WHEREAS, Port wants to charge comparable rates to the rates approved by the Board of Supervisors; and
- WHEREAS, Port Commission staff has determined that charging comparable rates will generate additional revenues; therefore, be it
- RESOLVED, That the Port Commission hereby approves the increase of Port parking meter rates from \$1.00 per hour to \$1.50 per hour to be effective on August 1, 2003.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 16, 2003.

Secretary



MEMORANDUM

July 9, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong 
Executive Director

SUBJECT: Request approval of MOU-13511 between the San Francisco Police Department and the Port of San Francisco for use of space at Hyde Street Harbor.

DIRECTOR'S RECOMMENDATION: APPROVE THE MEMORANDUM OF UNDERSTANDING BETWEEN THE PORT OF SAN FRANCISCO AND THE SAN FRANCISCO POLICE DEPARTMENT FOR THE STATIONING OF THE MARINE UNIT AT HYDE STREET HARBOR.

Background: As an urban port, the Port of San Francisco is host to an extraordinarily wide array of activities and events, many of which attract large numbers of people. Facilities as diverse as a ballpark, cruise terminal, cargo piers, small craft harbors, ferries and tourist destinations all require security from both the waterside and land side. The current security assessment for the Port calls for the relocation of the SFPD Marine Unit to the Port. Their increased presence will enhance safety and security for all the Port's waterside facilities.

The San Francisco Police Department patrolled the waterfront from the Harbor District Station in the late 1800's, and launched its first patrol boat in 1908, which was decommissioned in 1931. The SFPD operated the police boat "D.A. White" from 1931 to 1950, when the California State Harbor Patrol took over policing the waterfront. The State Harbor Patrol was eventually absorbed by the SFPD, and in 1992 the SFPD again began patrolling the City & County of San Francisco waterways.

Prior to moving operations to Treasure Island in 1998, the Marine Unit berthed their boats in South Beach Harbor while maintaining their office facilities at Hunters Point. The move to Treasure Island helped consolidate Marine Unit operations, but did not improve response time

This Print Covers Calendar Item No. 5A

to the heart of the City waterfront. A major concern with the Marine Unit based at Treasure Island is the vulnerability of the Bay Bridge to natural and man-made disasters.

Hyde Street Harbor is centered in the busiest part of the waterfront. Response time to key Port facilities will be greatly improved, and the continuous presence of the Marine Unit on the waterfront will increase the safety and security of Port staff as well as the Maritime Community.

Until a permanent headquarters for the Marine Unit and harbor staff is built on the site of the "blue shed building," on wharf J-11, the Marine Unit will operate out of an office trailer in the parking lot adjacent to the "blue shed building."

The Port shall provide space in the Hyde Street Harbor parking lot for the SFPD to temporarily place an office trailer, provide two berths in Hyde Street Harbor for police vessels and make available approximately 800 square feet of space inside of the "blue shed building" for miscellaneous gear storage.

The Bay Conservation and Development Commission (BCDC) has given tentative approval to amending the existing permit (7-98) to allow temporary placement of the office trailer. Port staff has addressed the only concern raised by BCDC, by making additional parking available on wharf J-9 to compensate for the four parking spaces lost on wharf J-11 to the office trailer.

Port staff is asking the Port Commission today to formally approve the agreement between the Port and the San Francisco Police Department to base the Marine Unit at Hyde Street Harbor.

COMMISSION ACTION: Port staff recommends that the Port Commission approve the Memorandum of Understanding between the Port of San Francisco and the San Francisco Police Department that will enable the Marine Unit to be based at Hyde Street Harbor.

Prepared by: Hedley Prince, Wharfinger

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-47

- WHEREAS, The San Francisco Police Department Marine Unit provides maritime law enforcement and seaport security vital to the Port of San Francisco's operations; and
- WHEREAS, The Port of San Francisco has space and facilities available at Hyde Street Harbor that the San Francisco Police Department Marine Unit can utilize to lessen their incident response time and interact with the Maritime Community on a more regular basis; and
- WHEREAS, A closer working relationship between Port staff and officers of the Marine Unit should increase security for the public as well as Port staff, and result in improved law enforcement along the waterfront; and
- WHEREAS, the Port Commission is being asked to authorize the Executive Director to execute the Memorandum of Understanding between the Port and the Police Department for the right to place a 45' X 12' office trailer on wharf J-11, berth police boats in slips 261 & 262 of Hyde Street Harbor, and use 800 square feet of gear storage space in metal shed adjacent to proposed office trailer location for a period of five years, beginning August 1, 2003; now, therefore, be it
- RESOLVED, that the Port Commission hereby approves the Memorandum of Understanding upon the terms and conditions set forth in the Memorandum of Agenda Item 5A for the July 16, 2003 Port Commission meeting and in the Memorandum of Understanding on file with the Commission Secretary, and authorizes the Executive Director to execute the Memorandum of Understanding with the San Francisco Police Department in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 16, 2003.

Secretary

CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

MEMORANDUM OF UNDERSTANDING (MOU) M-13511

BY AND BETWEEN

THE CITY AND COUNTY OF SAN FRANCISCO

THROUGH THE SAN FRANCISCO PORT COMMISSION

AND

THE SAN FRANCISCO POLICE DEPARTMENT

DOUGLAS F. WONG

Executive Director

SAN FRANCISCO PORT COMMISSION

Michael Hardeman, President

Kimberly Brandon, Vice President

Michela Alioto-Pier, Commissioner

Sue Bierman, Commissioner

Wilfred Hsu, Commissioner

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EXHIBITS: EXHIBIT A

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is made and entered into as of August 1, 2003, by and between The San Francisco Police Commission ("SFPD"), an agency of the City and County of San Francisco ("City") and the San Francisco Port Commission ("Port"), an agency of the City and County of San Francisco.

RECITALS

- A. SFPD Marine Unit requires space to temporarily place an office trailer, parking for police vehicles and berthing for police boats in order to conduct maritime security operations pertinent to the Port of San Francisco.
- B. Port is willing to allow SFPD to use 600 square feet of space in the Hyde Street Harbor parking lot for the office trailer, berths 261 & 262 in Hyde Street Harbor for police vessels, and 800 square feet of space in "blue shed building" for gear storage.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

AGREEMENT

1. Recitals.

The foregoing recitals are true and correct and are incorporated herein by this reference.

2. Premises.

The site to be used by SFPD is located on wharf J-11 off Jefferson Street, San Francisco, California comprising an area of approximately 600 square feet of parking lot, 800 square feet inside "blue shed building," berths 261 & 262 at Hyde Street Harbor, as more particularly described on Exhibit A attached hereto (the Premises).

3. Effective Date.

The effective date ("Effective Date") of this MOU shall be August 1, 2003.

4. Term.

The term of this MOU shall be from the Effective Date through August 1, 2008. In the event that SFPD wishes to extend the term of its use of the Premises, it shall so notify Port in writing at least thirty (30) days prior to the expiration of the MOU, and upon Port's consent this MOU shall continue on a month-to-month basis thereafter including all of the terms and conditions stated herein, terminable by either party on thirty (30) days' written notice to the other.

5. **Use Fees.**

SFPD shall pay a Use Fee of one dollar per month.

6. **Use.**

SFPD shall use the Premises as space to temporarily locate an office trailer and berths 261 & 262 at Hyde Street Harbor to berth SFPD vessels in support of public safety and Port security operations for the City and County of San Francisco and for no other purpose.

7. **Restrictions on Use; Compliance with Law.**

SFPD shall not use or permit the Premises, or any part thereof, to be used for any purposes other than the purposes set forth in Paragraph 6 of this MOU. SFPD shall not perform any act which will cause a cancellation of any insurance policy covering the Premises or any part thereof. SFPD shall not violate any law, ordinance, rule or regulation of any governmental agency having jurisdiction over the Premises affecting the occupancy and use of the Premises.

SFPD, at SFPD's expense, shall comply with all laws, regulations and requirements of federal, state, county and municipal authorities, now in force or which may hereafter be in force, which shall impose any duty upon Port or SFPD necessitated solely by use, occupation or alteration of the Premises under this Agreement.

8. **Maintenance; Surrender of Premises.**

SFPD will be strictly responsible for the maintenance and security of the Premises. SFPD agrees not to make any improvements or alterations to the Premises without the prior written consent of Port. At the expiration or any earlier termination of this MOU, SFPD shall surrender the Premises in at least as good condition as when received, clean and free of any items stored on the Premises by SFPD, and shall repair any damage to the Premises occasioned by SFPD's use.

9. **Insurance.**

SFPD shall require any agent, contractor or subcontractor it hires in connection with its use of the Premises to secure such insurance as is recommended by the City Risk Manager and approved by Port.

10. **Damages.**

Because the Use Fees due hereunder are not intended to cover risks associated with SFPD's use of the Premises and because of certain funding restrictions imposed on Port funds due to public trust restraints, it is the understanding of the parties that Port shall not expend any funds due to or in connection with SFPD's use of the Premises. Therefore, SFPD agrees to be responsible for all costs associated with all claims, damages, liabilities or losses which arise (i) as a result of the handling of hazardous materials on or about the Premises by SFPD its agents or invitees, (ii) out of any injuries or death of any person or damage to any property occurring in, on or about the Premises or which arise as a result of SFPD's act or omission, from any cause. The foregoing obligation of SFPD shall survive the termination of this agreement. As used herein, "hazardous materials" shall mean any substance, waste or material which has been determined by any state, federal, or local government authority to be capable of posing a risk of injury to health, safety or property.

11. **Default by SFPD.**

11.1 Event of Default.

The occurrence of the following events shall constitute a default by SFPD:

(a) Failure by SFPD to pay when due any Use Fees, or other monetary sum due hereunder, which failure is not cured within thirty (30) days;

(b) Failure to perform any other provision of this MOU if the failure to perform is not cured within thirty (30) days after Port has given written notice SFPD. If the default cannot reasonably be cured within thirty (30) days, SFPD shall not be in default of this MOU if commences to cure the default within such thirty (30) day period and diligently and in good faith continues to cure the default.

11.2 Port's Remedies.

Upon the occurrence of default by SFPD, Port may at its option, without further notice or demand of any kind to SFPD or to any other person, terminate SFPD's right to possession of the Premises.

12. Entry by Port.

The Port may enter the Premises at any reasonable time, upon advance notice to SFPD, for the purpose of inspection, inventory or repairs, and when otherwise reasonably necessary for the protection of the Port's interests.

13. Notices.

Any notice given under this MOU shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier return receipt requested, with postage prepaid, at the following addresses, or at such other addresses as either the Port or SFPD may designate by notice as its new address:

Address for Port: Commercial Property Manager
Port of San Francisco
Pier 1

San Francisco, CA 94111

FAX No: (415) 274-0578

Telephone No: (415) 274-0500

Address for Tenant: San Francisco Police Department / Marine Unit / SOSB
C/O 850 Bryant Street
San Francisco, CA 94103
Attn: Sergeant Danny Lopez

Telephone No: (415) 834-0555

Fax: (415) 834-0552

Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first-class or certified mail, one day after the date it is mailed, if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile or telephone to the telephone numbers set forth above or such other number as may

be provided from time to time; however, neither the Port nor SFPD may give official or binding notice by telephone or facsimile.

14. Mineral Reservations.

The State of California, pursuant to section 2 of Chapter 1333 of the Statutes of 1968, as amended, has reserved all subsurface mineral deposits, including oil and gas deposits, on or underlying the Premises. In accordance with the provisions of said Statutes, Port and SFPD shall and hereby do grant to the State of California the right to explore, drill for any extract said subsurface minerals, including oil and gas deposits, from the Mineral Reservation area located by the California Grid System as more particularly described as follows: Zone 3, beginning at a point where X equals 1,455,000 and Y equals 460,000, extending 500 feet south, thence 500 feet east, thence 500 feet north, and thence 500 feet west, ending at said point of beginning.

15. Telecommunication Services.

SFPD shall be responsible for all telecommunication services to the Premises including service charges and fees, and the installation of and repairs to telephone lines and devices serving the Premises whether or not such lines or devices are located in the Premises or on other Port of public/private property.

16. Utilities

Port shall provide labor and materials for water, sewer and electrical service.

17. Entire Agreement

This MOU (including attached exhibits, if any) contains the entire understanding between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed as of the date first written above.

AGREED TO AS WRITTEN ABOVE:
SAN FRANCISCO PORT COMMISSION

AGREED TO AS WRITTEN ABOVE:
SAN FRANCISCO POLICE COMMISSION

By: _____

By: _____

Deputy Chief Rick Bruce
Commanding Officer
Special Operations & Security Bueau

Date: _____

Date: _____

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

Prepared by: Hedley Prince, Wharfinger,

(Initials)

LINE	BEARING	DISTANCE
L1	N82°05'02"E	6.00'
L2	N07°33'16"W	31.10'
L3	N34°48'53"E	6.71'
L4	N07°42'00"W	78.85'
L5	S81°23'20"E	0.85'
L6	N07°57'15"W	90.69'
L7	S82°04'35"W	5.32'
L8	N07°38'44"W	156.04'
L9	S82°21'16"W	86.54'
L10	S07°38'44"E	31.52'
L11	N82°22'56"E	80.91'
L12	S07°38'44"E	131.90'
L13	N82°21'16"E	6.03'
L14	S07°46'01"E	157.74'
L15	S34°48'53"W	6.70'
L16	S07°33'16"E	33.46'

LINES

JEFFERSON STREET

NORTHERLY LINE OF JEFFERSON ST.

Hyde Street Harbor Office & Warehouse Building
4,852 Sq. Ft.
(0.107 ACRES)

SFPD Trailer

NOTES:

1. DISTANCES SHOWN ARE GROUND DISTANCES.
2. BASIS OF BEARINGS IS THE BEARING OF THE NORTHERLY LINE OF JEFFERSON STREET, DETERMINED AS N 82° 05' 02" E BY THE PORT SURVEY CREW, OFFICE OF THE CHIEF HARBOR ENGINEER OF THE PORT OF SAN FRANCISCO, CALIFORNIA.

Proposed SFPD Marine Unit Office Trailer Location
(45' x 12')

HYDE STREET

HYDE ST. MON. LINE

APPROVED BY
SAN FRANCISCO PORT COMMISSION
DATE

CHIEF HARBOR ENGINEER

PORT OF SAN FRANCISCO
SAN FRANCISCO PORT COMMISSION
DEPARTMENT OF ENGINEERING

HYDE STREET HARBOR
PUBLIC ACCESS
AREA

DESIGNED BY: D. HODAPP

DRAWN BY: AMN

DATE: 01 MAY 00

SCALE: 1" = 60'

DRAWING NO.

PROJECT: HYDE \ PUB \ ACC.DWG

SHEET NO. 1

OF 1 SHEETS



MEMORANDUM

July 10, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong 
Executive Director

SUBJECT: Approval of the Professional Services Contract for rail consulting services,
Authorization to Award

DIRECTOR'S RECOMMENDATION: AUTORIZE STAFF TO AWARD THE PROFESSIONAL SERVICES CONTRACT FOR "RAIL CONSULTING SERVICES" TO GEORGE R. FETTY AND ASSOCIATES.

The commission previously authorized Port staff to issue a Request for Proposal ("RFP") for providing rail-consulting services. On June 24, 2002, the Port issued the RFP for rail consulting services. On July 17, 2002, the Port received six proposals.

A selection panel reviewed and evaluated proposals received from Wilbur Smith Associates, Commerce and Maritime, George R. Fetty and Associates, TranSystems, KJM & Associates and Elliott Consulting. The panel rated each proposal based on the Company's stated understanding of the project and their approach to the project, relevant experience of the company in similar projects, qualifications of project staff, organizational resources and schedule flexibility. The panel selected three firms to proceed in the evaluation process. These three firms were Wilbur Smith Associates, Commerce & Maritime, and George R. Fetty. On July 30, 2002, a selection panel interviewed and evaluated the three teams. Following the interviews, references were checked for each team. George R. Fetty received the highest score following completion of the evaluations.

Subsequently, the Port met with George R. Fetty to negotiate a schedule of fees. Total contract will not exceed \$75,000.00. The Port and George R. Fetty have agreed to the attached schedule of fees for providing rail-consulting services as detailed under the attached scope of work and will include the following tasks:

- Review of JPB operating agreement and long range plans for commuter rail service.
- Review of UPRR Service to Port of San Francisco

This Print Covers Calendar Item No. **5B**

- Discuss operations with local railroad management and Regional Vice President
- Assist the Port in locating and nurturing relationships and sponsorships with UPRR representatives and JPB members.
- Review of Alternative Freight Rail Service Options for the Port of San Francisco
- Provide analysis of rail regulations and regulatory framework.
- Provide Port with list of funding sources for identified and recommended improvements required
- As needed, will assist in finalizing agreements between Union Pacific Railroad (UPRR) and Port of San Francisco (Port) for the transfer of Illinois Street track ownership from UPRR to the Port.
- As needed, will provide design review of track and structures including the Islais Creek Bridge.

A copy of the Professional Service Contract is attached hereto.

Prepared by: Jill Simpson-Rodby, Maritime Marketing Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-48

- WHEREAS, the Commission previously authorized staff to issue an RFP for rail consulting services; and
- WHEREAS, on July 17, 2002 the Port received proposals for this professional services work; and
- WHEREAS, a selection panel selected George R. Fetty and Associates; and
- WHEREAS, the contract will provide for professional rail consulting services; now, therefore be it
- WHEREAS, Port and Tenant desire to make other modifications to the terms and conditions of the Lease;
- RESOLVED, that the San Francisco Port Commission hereby approves the authorization to award the subject professional services contract for the Rail consulting Services to George R. Fetty, at a cost not to exceed \$75,000.00 subject to approval of the contract substantially in the form on file with the Secretary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 16, 2003.

Secretary

Instructions to Professional Services Contract (P-500) Checklist and Transmittal Sheet

This information corresponds to the questions on the Checklist. Some of those questions need no explanation or instructions, and so do not have corresponding paragraphs here. Thus, there are gaps in the paragraph numbering on this side.

1. The Request-for-Proposal process

Departments are required to conduct an informal solicitation process for contracts over \$10K up to \$25K and a formal solicitation (RFP) process for contracts over \$25K. If the contracts include the use of federal, state or special funds, the model contract should be modified to include any special requirements imposed by the funder. Pursuant to Chap. 12D.A., apply rating discount for professional services contracts of \$10K or more. Obtain a waiver from HRC and the Office of Contract Administration (OCA) for a sole source if applicable. Obtain HRC's review of the RFP package if there is one.

2. Drafting the contract

The Model Professional Services Contract has been drafted by the City Attorney's Office. It is important that departments use all of the model contract's language, and make no additions, deletions or alterations to it, except as described in this Checklist or in Chapter 900 of the *Guide to Ordering Goods and Services*, as required by the funding source, or as authorized by the City Attorney. **Be sure to delete all bold, bracketed instructions from the skeleton document.**

a. Current version

The model contract is form P-500. You must use the latest revision of the contract, which is posted on the Forms Center at "sunset/intranetapps/fcenter.nsf." The revision date appears at the lower-left corner of each page, next to the form number.

b. Omitting paragraphs, and modifying paragraphs

You must include all of the model contract's 53 sections, unless there is a compelling reason to omit or modify any of them. If you omit a paragraph, keep the paragraph number and heading and substitute "Deleted" for the text of the paragraph. This ensures that the contract's paragraph numbering will not be changed.

Please do not modify or delete any paragraphs without checking with the City Attorney's Office first. However, you may delete the text of section (§) 9, "Disallowance," and §19, "Liquidated Damages," without providing an explanation. If the contract omits any other paragraphs, you may expect that the OCA or the City Attorney's Office will ask for an explanation.

3. Fill in the blanks

e. Invoice payment date in "Compensation," §5

Supply the day of the month by which the City will pay invoices, and the day of the previous month through which services will be billed on the next invoice.

f. Insurance, §15

Insurance is required in almost every professional services contract. §15a describes the types of insurance and coverage amount for each type. Insurance should not be modified unless you obtain an approval from the Risk Manager. The contractor's insurance agency must send you a Certificate of Insurance and an endorsement, documenting the coverage specified in the contract and naming the City as an additional insured. The coverage amounts in the certificate must match those in §15a. In most Certificates, if the insurance is canceled the insurer will "endeavor to" notify the additional insured (which is the City) when the insurance is canceled. Please try to have the insurance company agree to delete "endeavor to" in the Certificate. Questions on insurance call (415) 554-6278.

i. Liquidated Damages, §19

If the contract involves liquidated damages for late performance by the contractor, indicate the amount of damages per calendar day. If liquidated damages are not part of the contract, delete the text of this paragraph and substitute "Deleted." Keep the paragraph number and title.

j. Notices to the Parties, §25

All contracts must contain the names or titles and addresses of contact people for all correspondence relating to the contract for both the City and the Contractor.

4. Required information in the Appendices

For Appendices A and B, the description of services, deliverables, schedule, and method of calculation of charges must be detailed and complete, such that someone unfamiliar with the contract would know what work was to be done and how the cost to the City is broken down (hours or monthly rates, flat fee, charges for actual expenses, travel or use of Contractor's equipment, etc.) from reading the applicable appendix. In particular, Appendix B should ensure that there are no surprises about how much the City will be charged.

a. Appendix A, Services to be Provided

You must include Appendix A, and/or an attachment, to describe the services, deliverables, and schedule the contractor will perform. The paragraphs on Reports and Dept. Liaison are recommended, but not required.

b. Appendix B, Calculation of Charges

You must include a description of how the contractor will calculate the charges the City will pay. The OCA recommends that this be done in Appendix B. In the alternative, it could be done in the same attachment to Appendix A that describes the contractor's services, deliverables, and schedule.

c. Copies of Appendices and attachments

Each original of the contract must have both appendices and any other attachments.

5. Checking the vendor's Chapter 12B, Business Tax, MCO, HCAO, Chapter 12D.A (HRC Form 3), and Chapter 83 (First Source Hiring) status

Please take care of these six areas before submitting the contract. If you do not and if OCA finds a problem, it will cause delays because compliance here is mandatory. Please find MCO & HCAO Declarations at the following web sites:

<http://www.sfgov.org/oca/lwlh/mco/declaration.pdf> &
<http://www.sfgov.org/oca/lwlh/hcao/declaration.pdf>

On-line departments can check a vendor's status on Screen 5210 in ADPICS. Off-line departments can call OCA at (415) 554-6743 to obtain a hardcopy report. Questions on First Source Hiring call (415) 554-4057.

6. ADPICS screen prints

If you create a Departmental Blanket, attach a screen print of screen 2342. If you create a Direct Purchase Order, attach a screen print of screen 2360. Please also attach a screen print of screen 5210.

7. Department contact and routing information

The dept. contact info must be completed and signed. The contract must be approved by the Civil Service Commission (see requirement under 3b on the Checklist) before anyone signs. Obtain authorization from your dept.'s commission if required. After the contract is completed, the contractor should sign the contract first. Your dept. head (or designee) should sign second. Then send the contract to the City Attorney's Office, and allow turnaround time of 5 working days. **Submit 3 originals of the contract, its appendices, and any attachments.** The OCA reviews and signs the contract last.

Professional Services Contract (P-500) Checklist and Transmittal Sheet

Purpose and Instructions

This form helps you ensure that the professional service contracts prepared by your department will contain all the information and attachments necessary so that Office of Contract Administration (OCA), City Attorney, and Controller can review and process the contracts. See the other side for a discussion of most of these questions. The information on this form is keyed to parts of the Model Professional Services Contract (form P-500) where you must:

- supply information either by filling in blanks or supplying entire paragraphs, and
- attach documents, either as an Appendix to the contract or as an attachment to the contract package (e.g. the insurance certificate).

By answering these questions, you will know that an issue has been covered and it is less likely that OCA or the City Attorney would have to return the contract for more information.

For most questions, "yes" means you have followed standard City procedures, and "no" means you must attach an explanation of the situation. In addition, for answer(s) with asterisk (*) you may be required to submit additional information or documentation.

Yes No

1. The Request-for-Proposal process

- a. What is the not-to-exceed amount of the contract? _____
- b. If you filled in more than \$10,000 in a., did you conduct a competitive solicitation process and apply the rating discount? _____
- c. If you filled in more than \$25,000, did you conduct a formal RFP and apply the rating discount? _____
- d. If no to b. or c., have you attached an OCA Sole Source waiver [Form P-21.5(b)]? _____ *
- e. If yes to c., did HRC review the RFP? _____ *
- f. Please provide date of RFP or other solicitation. _____
- g. If no to d., what is the authority for entering into a contract without a competitive a solicitation? _____ *

2. Drafting the contract

- a. What is the version of the P-500 that you are using? _____
- b. Have you omitted or modified any paragraphs (except for filling in blanks)? _____ *
- c. If yes to b., list the paragraph numbers. _____
- d. Did you delete the bracketed instructions? _____ *

3. Fill in the blanks in the document

- a. Did you fill in the contractor's name (p. 1)? _____ *
- b. Did you fill in the CSC res. # & date (p. 1)? _____ *
- c. Did you fill in the name of your dept and a short description of the services (p. 1)? _____ *
- d. Did you supply start and end dates in section (§) 2? _____ *
- e. Did you supply invoice pmt date in §5? _____ *

P-500 Checklist (4-03)

Yes No

- f. If you changed the types of insurance and coverage amounts in §15a, did you obtain the Risk Manager's approval? _____ *
- g. Did you attach current Cert. of Insurance with additional insured endorsement? _____ *
- h. Do the coverage amounts in the Certificate match the amounts in §15a? _____ *
- i. Did you either fill in the blanks or delete the text in §19, Liquidated Damages? _____ *
- j. Did you supply names or titles, and addresses of City and Contractor contacts in §25? _____ *

4. Required information in the Appendices

- a. Does Appendix A and/or an attachment provide a detailed description of the services, deliverables, and schedule? _____
- b. Does Appendix B and/or an attachment clearly describe the charges and method of calculation of charges? _____
- c. Does each original of the contract have both appendices and any other attachments? _____ *

5. Checking the vendor's Chapter 12B, Business Tax, MCO, HCAO, Chap. 12D.A (HRC Form 3), and Chap. 83 status

- a. Does the vendor comply with Chapter 12B? _____
- b. If no to a., have you attached HRC waiver? _____ *
- c. Is the contractor's business tax status current? _____
- d. Has contractor completed both the MCO & HCAO declarations? _____
- e. Does MCO apply to this contractor? (Review employee and dollar amount thresholds in §12P of the Admin. Code.) _____
- f. If no to e., have you attached an Exemption and Waiver request form? _____ *
- g. Does HCAO apply to this contractor? (Review employee and dollar amount thresholds in §12Q of the Admin. Code.) _____
- h. If no to g., have you attached an Exemption and Waiver request form? _____ *
- i. Has the vendor submitted HRC Form 3? _____ *
- j. If the contract is for more than \$200,000, have you notified the First Source Hiring Admin.? _____

6. ADPICS

When creating the ADPICS document, use the following authority codes: 1) under 10K, use PROFSEV-10K; 2) if competitively bid (see item 1.b. & 1.c.), use PROFSEV-BID; and 3) if using Sole Source (see item 1.d.), use PROFSEV-NOS. To expedite your contract, please attach ADPICS screen prints.

7. Who filled out this form, and department contact Form completed by:

Name: _____ Phone: _____

Signature: _____ Date: _____

**City and County of San Francisco
Office of Contract Administration
Purchasing Division
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4685**

Agreement between the City and County of San Francisco and

This Agreement is made this 1st day of **July, 2003**, in the City and County of San Francisco, State of California, by and between: **George R. Fetty and Associates, 277 Pomona Avenue, Long Beach, CA 90803**, hereinafter referred to as "Contractor," and the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Director of the Office of Contract Administration or the Director's designated agent, hereinafter referred to as "Purchasing."

Recitals

WHEREAS, the Port of San Francisco ("Department") wishes to **have railroad transportation consulting services**; and,

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and,

WHEREAS, approval for said Agreement was obtained from a Civil Service Commission Notice of Action for Contract Number **4006/02-03** on **July 15, 2002**;

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from **July 1, 2003** to **December 31, 2004**.

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

Compensation shall be made in monthly payments on or before the **twentieth (20th)** day of each month for work, as set forth in Section 4 of this Agreement, that the **Port Director, or his/her designee**, in his or her sole discretion, concludes has been performed as of the **first (1st)** day of the immediately preceding month. In no event shall the amount of this Agreement exceed **Seventy Five Thousand Dollars (\$75,000.00)**. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Department as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall City be liable for interest or late charges for any late payments.

The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of HRC Form 7, "Prime Consultant/Joint Venture Partner(s) and Sub-consultant Participation Report." If HRC Form 7 is not submitted with Contractor's invoice, the Controller will notify the department, the Director of HRC and Contractor of the omission. If Contractor's failure to provide HRC Form 7 is not explained to the Controller's satisfaction, the Controller will withhold 20% of the payment due pursuant to that invoice until HRC Form 7 is provided.

Following City's payment of an invoice, Contractor has ten days to file an affidavit using HRC Form 9, "Sub-Consultant Payment Affidavit," verifying that all subcontractors have been paid and specifying the amount.

6. Guaranteed Maximum Costs

a. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

c. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

d. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include the Contract Progress Payment Authorization number. All amounts paid by City to Contractor shall be subject to audit by City.

Payment shall be made by City to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

9. Left blank by agreement of the parties.

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. **Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor.

Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. **Payment of Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident; and

(2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

b. Commercial General Liability and Business Automobile Liability Insurance policies must provide the following:

(1) Name as Additional Insured the City and County of San Francisco, the Port of San Francisco, and their Commissioners, Officers, Agents, and Employees. To satisfy this requirement, Contractor shall submit an additional insured endorsement in the form of ISO 2010 (11/85) or its equivalent.

(2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty days' advance written notice to City of cancellation mailed to the following address:

Port of San Francisco
Pier 1
San Francisco, CA 94111
Attn: Jill Simpson-Rodby

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor must furnish to City certificates of insurance, and additional insured policy endorsements, in form and with insurers satisfactory to City, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon City request.

h. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by City or others, except where such loss, damage, injury, liability or claim is the result of the sole negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee.

In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

18. Liability of City

CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. Left blank by agreement of the parties.

20. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, or 50.



(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from City to Contractor.

(3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor all damages, losses, costs or expenses incurred by City as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by City.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that City designates to be completed prior to the date of termination specified by City.

(7) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work City directed Contractor to perform prior to the specified termination date, for which services or work City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of City, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the City or otherwise disposed of as directed by the City.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the services or other work.

d. In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, City may deduct: (1) all payments previously made by City for work or other services covered by Contractor's final invoice; (2) any claim which City may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. City's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8 through 11, 13 through 18, 24, 26, 27, 28, 48 through 52, and 55.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City. This subsection shall survive termination of this Agreement.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provisions of § 15.103 and Appendix C 8.105 of City's Charter and § 87100 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions.

24. Proprietary or Confidential Information of City

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To City: Jill Simpson-Rodby
 Maritime Marketing Manager
 Port of San Francisco
 Pier 1
 San Francisco, CA 94111
 jill_simpson@sfport.com
 FAX: 415 544-1719

To Contractor: George R. Fetty
 277 Pomona Avenue
 Long Beach, CA 90803
 Grfetty@aol.com
 FAX: 562 439-3509

Any notice of default must be sent by registered mail.

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Earned Income Credit (EIC) Forms

Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

33. Minority/Women/Local Business Utilization; Liquidated Damages

a. Compliance

Contractor understands and agrees to comply fully with all provisions of Chapter 12D.A ("Minority/Women/ Local Business Utilization Ordinance--IV") of the San Francisco Administrative Code and agrees to include this paragraph in all subcontracts made in fulfillment of the Contractor's obligations under this Agreement. Said provisions are incorporated herein by reference and made a part of this Agreement as though fully set forth. Contractor's willful failure to comply with Chapter 12D.A is a material breach of contract.

b. Enforcement

If Contractor willfully fails to comply with any of the provisions of Chapter 12D.A, the rules and regulations implementing Chapter 12D.A, or the provisions of this Agreement pertaining to MBE or WBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission (HRC) may also impose other sanctions against Contractor authorized in Chapter 12D.A, including declaring the Contractor to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Contractor's MBE or WBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to §12D.A.16C.

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with City.

Contractor agrees to maintain records necessary for monitoring its compliance with Chapter 12D.A for a period of three years following termination of this contract.

c. Subcontracting Goals

The MBE/WBE subcontracting participation goal for this contract is **zero (0) %**. Contractor shall fulfill the subcontracting commitment made in its bid or proposal. Each invoice submitted to City for payment shall include the information required in HRC Form 6. Failure to provide HRC Form 6 with each invoice submitted by Contractor shall entitle City to withhold 20% of the amount of that invoice until HRC Form 6 is provided by Contractor.

Contractor shall not participate in any back contracting to the Contractor or lower-tier subcontractors, as defined in Chapter 12D.A, for any purpose inconsistent with the provisions of Chapter 12D.A, its implementing rules and regulations, or this Section.

d. Subcontract Language Requirements

Contractor shall include in all subcontracts with MBEs or WBEs made in fulfillment of Contractor's obligations under this Agreement, a provision requiring Contractor to compensate any MBE or WBE subcontractor if Contractor does not fulfill its commitment to use the MBE or WBE subcontractor. Such provisions shall also state that it is enforceable in a court of competent jurisdiction.

Subcontracts shall require the subcontractor to maintain records necessary for monitoring its compliance with Chapter 12D.A for a period of three years following termination of this contract.

e. Payment of Subcontractors

Contractor shall pay its subcontractors within three working days after receiving payment from the City unless Contractor notifies the Director of HRC in writing within ten working days prior to receiving payment from the City that there is a bona fide dispute between Contractor and its subcontractor and the Director waives the three-day payment requirement.

Contractor further agrees, within ten working days following receipt of payment from the City, to file an affidavit with the Controller, under penalty of perjury, that the Contractor has paid all subcontractors. The affidavit shall provide the names and addresses of all subcontractors and the amount paid to each. Failure to provide such affidavit may subject Contractor to enforcement procedure under Administrative Code §12D.A.16.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the S.F. Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the S.F. Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the S.F. Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the S.F. Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland

Pursuant to S.F. Administrative Code §12.F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban

Pursuant to S.F. Administrative Code §12I.5(b), the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation

Chapter 21A of the S.F. Administrative Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 21A will be deemed a material breach of contract.

39. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance

In accordance with S.F. Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to

inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

42. Notification of Limitations on Contributions

This paragraph applies if this contract is in excess of \$50,000 over a 12-month period or less and is for: (1) personal services; or (2) the selling or furnishing of any material, supplies or equipment; or (3) any combination of personal services and the selling or furnishing of any material, supplies or equipment. San Francisco Campaign and Governmental Conduct Code (the "Conduct Code") Section 3.700 *et. seq.*, and San Francisco Ethics Commission Regulations 3.710(a)-1 – 3.730-1, prohibit the public officials who approved this contract from receiving: (1) gifts, honoraria, emoluments or pecuniary benefits of a value in excess of \$50; (2) any employment for compensation; or (3) any campaign contributions for any elective office for a period of up to six years from individuals and entities who are "public benefit recipients" of the contract. Public benefit recipients of the contract are: (1) the individual, corporation, firm, partnership, association, or other person or entity that is a party to the contract; (2) an individual or entity that has a direct 10% equity, or direct 10% participation, or direct 10% revenue interest in that party at the time the public benefit is awarded; or (3) an individual who is a trustee, director, partner or officer of the contracting party at the time the public benefit is awarded.

Contractor understands that any public official who approved this contract may not accept campaign contributions, gifts, or future employment from Contractor except as provided under the Conduct Code. Contractor agrees to notify any other individuals or entities that may be deemed "public benefit recipients" under the Conduct Code because of this contract. Upon request, Contractor agrees to furnish, before this contract is entered into, such information as any public official approving this contract may require in order to ensure such official's compliance with the Conduct Code. Upon request, the City agrees to provide, before this contract is entered into, Contractor with a list of public officials who, under the Conduct Code, approved this contract. Failure of any public official who approved this contract to abide by the Conduct Code shall not constitute a breach by either the City or Contractor of this contract. Notwithstanding anything to the contrary in this contract, neither party shall have the right to terminate the contract due to any failure by the other party to provide the information described in this paragraph.

43. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

a. For each hour worked by a Covered Employee during a Pay Period on work funded under the City contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the

Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, the Contractor shall pay \$9.00 an hour through December 31, 2001. On January 1, 2002, Contractor shall increase the hourly gross compensation to \$10.00 an hour; provided, however, that if Contractor is a Nonprofit Corporation or a public entity, it shall be required to pay the increased amount only if the City makes the finding required by Section 12P.3(a)(ii) of the San Francisco Administrative Code. If Contractor is required to increase the gross hourly compensation to \$10.00 an hour, it shall provide the 2.5% annual increase required by the MCO for each of the next three years.

b. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

c. Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The City, acting through the Contracting Department, shall determine whether such a breach has occurred.

d. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;

(2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;

(3) The right to terminate this Agreement in whole or in part;

(4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and

(5) The right to bar Contractor from entering into future contracts with the City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the City. Any amounts realized by the City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

e. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

f. Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the City, which communications are marked to indicate that they are to be distributed to Covered Employees.

g. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the MCO, including reports on subcontractors.

h. The Contractor shall provide the City with access to pertinent records after receiving a written request from the City to do so and being provided at least five (5) business days to respond.

i. The City may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

j. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

k. Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

l. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

44. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission..

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall keep itself informed of the current requirements of the HCAO.

h. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

i. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five business days to respond.

j. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

k. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

45. Left Blank by the Agreement of the Parties.

46. Prohibition on Political Activity with City Funds

In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years.

47. Preservative-treated Wood Containing Arsenic

As of July 1, 2003, Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 21G is obtained from the Department of Environment under Section 21G.5 of the Administrative Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

48. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of HRC any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20%.

49. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Purchasing who shall decide the true meaning and intent of the Agreement.

50. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

51. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

52. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48.

53. Compliance with Laws

Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

54. Services Provided by Attorneys

Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

55. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

Recommended by:

Peter A. Dailey
Maritime Director
Port of San Francisco

Recommended by:

Douglas F. Wong
Executive Director, Port of San Francisco

Approved as to Form:

Dennis J. Herrera
City Attorney

By _____
Deputy City Attorney

Approved:

Judith A. Blackwell
Director, Office of Contract Administration

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

Authorized Signature

George R. Fetty
Printed Name

Principal
Title

George R. Fetty & Associates
Company Name

277 Pomona Ave.
Address

Long Beach, CA 90803
City, State, ZIP

562 434-6428
Phone Number

340344474S
Federal Employer ID Number

APPENDICES

A: Services and Calculation of Charges to be provided by Contractor:

Appendix A **Services to be Provided by Contractor, and associated Charges**

1. Description of Services

Contractor agrees to perform said services all in accordance with the terms of its proposal dated **July 17, 2002**, as set forth herein:

Task 1:

Review of JPB operating agreement and long range plans for commuter rail service. Caltrain Plans to review should include, but not be limited to:

- Potential upgrades to the Dumbarton Bridge, which would provide freight rail capacity
- Plans to increase tunnel height in SF to allow for double stack freight trains

Deliverable

Summary document identifying key issues and constraints in JPB agreement and identification of long term commuter rail plans that may effect freight rail service to Port of San Francisco.

Estimated Budget \$3360.00 Due: August 15, 2003

Task 2:

Review of UPRR Service to Port of San Francisco

Deliverable

Summary document that assess and analyzes effects freight rail service to the Port of San Francisco, this may include but not be limited to: traffic flows by movement, local staging yards, marshalling yards, local service, connecting services, frequency, cost, reserved property rights for freight service uses, car schedules by origin or destination from the peninsula, annual car volume, system revenue produced from Peninsula, principal origin and destination point pairs, type of locomotives, crew size and number crews involved in service. Identify areas of concern, weaknesses and potential opportunities for improvements.

Estimated Budget \$20,720.00 Due: September 15, 2003

Task 3:

Discuss operations with local railroad management and Regional Vice President

Deliverable

Summarize issues, constraints and opportunities, which may effect rail access to the Port.

Estimated Budget \$ 2,240.00 Due: September 25, 2003

Task 4:

Assist the Port in facilitating communication and identify mutual benefit opportunities between Port and UPRR representatives and JPB members.

Deliverable

Identification of strategy and promote and arrange business meetings with individuals from UPRR and JPB whom will help facilitate improved and continued rail service to the Port.

Estimated Budget \$8,960.00 Due: November 15, 2003

Task 5:

Review of Alternative Freight Rail Service Options for the Port of San Francisco

Analysis to include but not be limited to:

- Continued operations as currently exist
- Establishment of a Short line operator
- Option for establishment of alternative eastern route-through San Jose over Altamont Pass bypassing Oakland

Deliverable

Complete evaluation of UPRR service to the Peninsula and Port, provide a report of findings and describe connecting operations to transcontinental service. Make recommendations to Port based on findings and develop strategic plan for dealing with JPB and UPRR to ensure reliable long-term service. Assist Port in negotiations with JPB and UPRR. Document should analyze cost, schedule and efficiencies of each option and identify recommended plan for Port to pursue.

Estimated Budget \$16,800.00 Due: December 01, 2003

Task 6:

Provide analysis of rail regulations and regulatory framework

Deliverable

Assist Port in gaining acceptance from regulatory agencies for rail and bridge plans as appropriate. Provide input for application to Surface Transportation Board if filing for short line authority to operate on Peninsula and into Port, including trackage right agreement with UPRR for rights between San Jose and Oakland.

Estimated Budget \$3,640.00 Due: December 15, 2003

Task 7:

Provide Port with list of funding sources for identified and recommended improvements required

Deliverable

List of potential grants or other funding sources from federal, state and local agencies or other sources for required improvements.

Estimated Budget \$2,800.00 Due: December 15, 2003

Optional Task if Port requires or request

ILLINOIS STREET TRACK OWNERSHIP – TECHNICAL REVIEW OF TRACK DESIGNS

TASK 1.0A

Finalize agreements between Union Pacific Railroad (UPRR) and Port of San Francisco (Port) for the transfer of Illinois Street track ownership from UPRR to the Port

Deliverable

- Signed Agreement between UP and Catellus Urban Development Corporation for a transfer of money from the 16th Street interchange tracks in the JPB Corridor to a location near Pier 80 in the Port.
- Concurrence with the MUNI Operating Plan, for crossing Port owned track along 16th and Illinois Street and the development of a related MOU between Port and MUNI.

Estimated Budget \$1,680.00 Due: To be determined

TASK 1.1A

Design review of track and structures including the Islais Creek Bridge.

Deliverable

The GRF team will provide design review of track and structures within ten (10) working days of a request by the Port.

Estimated Budget \$14,500.00 Due: To be determined

3. Reports

Contractor shall submit written reports as requested by the **Port of San Francisco, Maritime Department**. Format for the content of such reports shall be determined by the **Port of San Francisco, Maritime Department**. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

3. Department Liaison

In performing the services provided for in this Agreement, Contractor's liaison with the **Port of San Francisco** will be **Jill Simpson-Rodby**.

Appendix B

The tasks and proposed fees listed above are based on the following hourly rates:

FEE STRUCTURE**Direct Labor:**

George R. Fetty, Project Manager \$ 140.00 per hour

Sub-Consultants:

G. Sammi Mansour, JLP & Associates \$ 142.00 per hour

Hourly rates for both Direct Labor and Sub-Consultants is all-inclusive and includes overhead, fringe benefits and profit. Travel expenses will be paid by consultants, as will all direct costs.



MEMORANDUM

July 9, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong 
Executive Director

SUBJECT: Authorization to accept and expend \$3,475,000 in grant funds awarded to the Port of San Francisco by the Transportation Security Administration for the purpose of enhancing facility and operational security at the Port's cruise, ferry, and cargo terminals.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO ACCEPT AND EXPEND \$3,475,000 IN GRANT FUNDS AWARDED TO THE PORT OF SAN FRANCISCO BY THE TRANSPORTATION SECURITY ADMINISTRATION FOR THE PURPOSE OF ENHANCING FACILITY AND OPERATIONAL SECURITY AT THE PORT'S CRUISE, FERRY, AND CARGO TERMINALS.

Background: The security of our national seaports remains at the forefront of concern in the aftermath of the terrorist attacks of September 11, 2001. The Port of San Francisco manages assets consisting of 7½ miles of urban waterfront properties with a wide array of uses and facilities, including container and bulk cargo terminals, a cruise ship terminal, ferry and excursion passenger terminals, a substantial ship repair yard and drydock, multiple layberths for Maritime Administration vessels, commercial fishing harbors, a fish processing and distribution center, power plants, the western base of the Bay Bridge, the landmark Ferry Building, Pacific Bell Park, numerous harbor facilities, and world-renowned tourist attractions.

The Port's diverse harbor facilities provide critical maritime, commercial and transportation functions for both the City and County of San Francisco, and greater Bay Area region, thereby presenting unique and important security needs and responsibilities. Recognizing these needs and responsibilities, the Port of San Francisco is participating in a regional Port Security Committee for the purpose of reviewing security issues and needs affecting the San Francisco Bay Area ports and terminals.

This Print Covers Calendar Item No. 5C

On February 28, 2002, Secretary of Transportation Norman Mineta announced the implementation of a new Port Security Grants Program, managed by the Transportation Security Administration, to finance security enhancements at critical national seaports. Under this program, the Port of San Francisco received a grant in the amount of \$500,000 to conduct a comprehensive security assessment study of the Port's waterfront facilities.

On January 14, 2003, the Transportation Security Administration announced a second round in the Port Security Grants Program. On February 27, 2003, the Port of San Francisco staff submitted a grant application for funds to enhance security at the Port's cruise, ferry, and cargo facilities, located at Pier 35, the Downtown Ferry Terminal, and Pier 80.

On June 12, 2003, Secretary of Homeland Security Tom Ridge announced that the Port of San Francisco qualified for a TSA Round 2 grant. The Port projects were recommended for funding in the not-to-exceed amount of \$3,475,000 under the category of enhanced facility and operational security.

These grant funds will assist the Port in complying with security regulations mandated by the United States Coast Guard and improving security at the Port's cruise, ferry, and cargo terminals. Port staff now seeks approval of the Port Commission to accept and expend \$3,475,000 in funds from the Transportation Security Administration under its Port Security Grants Program, Round 2, for the purpose of enhancing facility and operational security at the Port's cruise, ferry and cargo facilities as specified by the grants program.

Commission Action. Port staff recommends that the Port Commission authorize the Executive Director to accept and expend \$3,475,000 in grant funds awarded to the Port of San Francisco by the Transportation Security Administration for the purpose of enhancing facility and operational security at the Port's cruise, ferry, and cargo terminals; and further authorize the Executive Director to execute all agreements and documents necessary to secure the grant funds, in such form as approved by the City Attorney's Office.

Prepared by: Peter Dailey, Maritime Director

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-49

WHEREAS, The security of our national seaports remains at the forefront of concern in the aftermath of the terrorist attacks of September 11, 2001; and

WHEREAS, The Port of San Francisco manages assets consisting of 7½ miles of urban waterfront properties with a wide array of uses and facilities, including container and bulk cargo terminals, a cruise ship terminal, ferry and excursion passenger terminals, a substantial ship repair yard and drydock, multiple layberths for Maritime Administration vessels, commercial fishing harbors, a fish processing and distribution center, power plants, the western base of the Bay Bridge, the landmark Ferry Building, Pacific Bell Park, numerous harbor facilities, and world-renowned tourist attractions; and

WHEREAS, The Port's diverse harbor facilities provide critical maritime, commercial and transportation functions for both the City and County of San Francisco, and greater Bay Area region, thereby presenting unique and important security needs and responsibilities; and

WHEREAS, Recognizing these needs and responsibilities, the Port of San Francisco is participating in a regional Port Security Committee for the purpose of reviewing security issues and needs affecting the San Francisco Bay Area ports and terminals; and

WHEREAS, On February 28, 2002, Secretary of Transportation Norman Mineta announced the implementation of a new Port Security Grants Program, managed by the Transportation Security Administration, to finance security enhancements at critical national seaports; and

WHEREAS, Under this program, the Port of San Francisco was awarded a grant in the amount of \$500,000 to conduct a comprehensive security assessment study of the Port's waterfront facilities; and

WHEREAS, On January 14, 2003, the Transportation Security Administration ("TSA") announced a second round in the Port Security Grants Program; and

WHEREAS, On February 27, 2003, the Port staff submitted an application for second-round funds to enhance security measures at the Port's cruise, ferry, and cargo facilities, located at Pier 35, the Downtown Ferry Terminal, and Pier 80, respectively; and

WHEREAS, On June 12, 2003, Secretary of Homeland Security Tom Ridge announced that the Port of San Francisco qualified for a TSA second-round grant in the not-to-exceed amount of \$3,475,000 under the category of enhanced facility and operational security; and

WHEREAS, The use of these grant funds will assist the Port of San Francisco in complying with security regulations mandated by the United States Coast Guard and improving security at the Port's cruise, ferry, and cargo terminals; and

WHEREAS, Port staff now seeks the approval of the Port Commission to accept and expend \$3,475,000 in funds from the Transportation Security Administration under its Port Security Grants Program, Round 2, for the purpose of enhancing facility and operational security at the Port's cruise, ferry and cargo facilities as specified by the grants program; now therefore be it

RESOLVED, That the San Francisco Port Commission does hereby authorize the Executive Director to accept and expend \$3,475,000 in grant funds awarded to the Port of San Francisco by the Transportation Security Administration for the purpose of enhancing facility and operational security at the Port's cruise, ferry, and cargo terminals; and, be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to execute all agreements and documents necessary to secure such grant funds, in such form as is approved by the City Attorney's Office; and, be it further

RESOLVED, That the Executive Director shall seek the Board of Supervisor's approval of a Resolution to apply for, accept, and expend the \$3,475,000 in grant funds from the Transportation Security Administration.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 16, 2003.

Secretary



MEMORANDUM

July 9, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong *[Signature]*
Executive Director

SUBJECT: Approval of lease for surface parking between the Port and Pacific Park Management, Inc., a California corporation, at Seawall Lot 322-I, located at Front Street between Broadway and Vallejo Street.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

On April 22, 2003 the Port Commission approved Resolution No. 03-29, authorizing staff to offer through competitive bidding a parcel located in the Northern Waterfront for operation of surface public parking lot. The process was to culminate in a lease with a term of two (2) years. The successful bidder would be the one who proposed the highest rent for the parcel and who met the minimum qualifications for experience and financial standing.

Port staff subsequently issued an invitation for bids. A major goal of the Port Commission was to encourage the participation of minority-owned and economically disadvantaged businesses. Staff consulted with the Human Rights Commission and the City Attorney's Office to determine appropriate methods for encouraging participation in the bid process by small, local, women, economically disadvantaged and minority - owned businesses. The Port advertised extensively in a wide variety of publications intended to reach MBE/WBEs. This program was highly successful as the Port received requests for twenty-five (25) bid packages and eventually received bids from six (6) parking lot operators.

THIS PRINT COVERS CALENDAR ITEM NO. 6A

On May 16, 2003, a pre-bid conference was held. The due date for submittal of bids was June 9, 2003. On June 10, 2003 the bids were opened in a public meeting and ranked in order of highest bid. Copies of the bid results were presented to the Port Commission for review. The high responsive bidder for the parcel was Pacific Park Management, Inc., a California corporation.

Port Staff is now prepared to request Port Commission approval of the following lease terms:

LEASE TERMS AND CONDITIONS

Lease No. L-13498 for Port property at Seawall Lot 322-I

- (1) Tenant: Pacific Park Management, Inc., a California corporation.
- (2) Premises: Approximately 37,812 square feet.
- (3) Term: Two (2) years
- (4) Monthly Base Rent: \$39,333.00 per month with annual CPI adjustment. Total Annual Base Rent from the lease will be \$471,996.00
- (5) Percentage Rent: Tenant shall pay to the Port the higher of the monthly base rent or percentage rent equal to 66% of gross receipts, after deducting for parking tax, whichever is higher.
- (6) Hotel Development Site. Seawall Lot 322-I has been designated as a Hotel Development Site. Tenant acknowledges that the planning and pre-construction phases of such a project, and the activities associated with the project may require the Port and/or developer to enter the site to conduct pre-development inspections and surveys. Said activities may include, but are not limited to, geotechnical studies, utility surveys, soils testing, seismic evaluation and miscellaneous site data collection. Port shall give Tenant verbal notice of Port's intent to enter Premises for conducting of said surveys or studies.
- (7) Additional Insurance Provisions. In addition to Worker's Compensation, Comprehensive General Liability and Comprehensive Automobile Insurance, the Tenant must also carry Garage Liability and Garage Keeper's Insurance with a limit of not less than one million dollars (\$1,000,000).
- (8) Prevailing Wages. Tenant is required to pay highest general prevailing wages in accordance with prevailing wage rates adopted by the San Francisco Board of Supervisors pursuant to Section 6.37 of the San Francisco Administrative Code.
- (9) Recapture. Because this site is designated as a future development site, the Port shall retain the right to recapture the premises upon sixty (60) days written notice to the tenant.

RECOMMENDATIONS

Staff recommends that the Port Commission approve the attached resolution authorizing the Executive Director of the Port to enter into this lease, for a two (2)-year term, with Pacific Park Management, Inc., a California corporation for the operation of a public parking lot at Seawall Lot 322-I, located on Front Street between Broadway and Vallejo Street.

Prepared by: Phil Williamson, Senior Property Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-53

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, surface parking generates a significant revenue stream to the Port and the Port desires to operate its parking lots in an efficient manner while maximizing revenues; and
- WHEREAS, Seawall Lot 322-I is located in an area where demand for parking by both Port tenants and the public is strong; and
- WHEREAS, the San Francisco Port Commission authorized Port staff to offer, through competitive bidding, this lease, with a two-year term, for surface parking lot operations available to the public, located on Seawall Lot 322-I; and
- WHEREAS, Pacific Park Management, Inc. is the highest responsive bidder; now, therefore, be it
- RESOLVED, that the San Francisco Port Commission hereby approves Lease No. L-13498 with Pacific Park Management, Inc., a California corporation at Seawall Lot 322-I, located on Front Street between Broadway and Vallejo Street, on terms and conditions outlined in the memorandum to the Port Commission for Agenda Item 6A of the Port Commission Meeting on July 16, 2003, and the Port Commission authorizes the Executive Director of the Port, or his designee, to execute the same on behalf of the Port in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 16, 2003.

Secretary



MEMORANDUM

July 10, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong *DW*
Executive Director

SUBJECT: RESCISION OF PORT COMMISSION RENT CREDIT POLICY (PORT COMMISSION RESOLUTION 91-118)

DIRECTOR'S RECOMMENDATION: RESCIND PORT COMMISSION RENT CREDIT POLICY.

BACKGROUND:

On December 11, 1991, the Port Commission approved Port Commission Resolution 91-118 establishing a rent credit policy for capital improvements or repairs which tenants have made to Port properties. Such credits generally covered work that fell into one of two categories:

1. Work which would generally be considered a Port responsibility which could be more expeditiously or economically handled by the tenant; or
2. Work which increases the property's rental value to the Port.

Prior to the adoption of this policy, rent credits, rent abatement and similar economic allowances to Port tenants had been addressed through the Port Commission's ad hoc consideration and approval.

The adoption of a formal rent credit policy by the Commission did not eliminate the requirement that the Port Commission review and approve each rent credit proposal. However, the Port's implementation of a formal policy has created a situation that may cause any single Port tenant denied such rent credits to feel that there may be an inequitable application of the policy.

This Print Covers Calendar Item No. **6B**

Additionally, the Port Commission requested the Executive Director to submit an evaluation of the past application and effectiveness of the Port's application of the rent credit policy adopted by Port Resolution 91-118. Accordingly, Port Real Estate Staff has determined that pending this evaluation, rent credits, rent abatements and other economic considerations addressed in Port lease negotiations be reviewed and approved by the Port Commission on a case-by-case basis.

RECOMMENDATION:

Port Real Estate Staff recommends that the Port Commission rescind Port Commission Resolution No. 91-118 adopting a policy regarding rent credits.

Prepared by: Nicolas Dempsey, Asset Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-54

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco and further grants the Port Commission exclusive authority to approve the lease of Port lands and facilities and collect and retain the rents and other revenues from such leases; and
- WHEREAS, in 1991, the Port Commission adopted Resolution No. 91-118, whereby the Commission determined that under certain conditions it may benefit the Port to provide tenants with credits against rent for capital improvements or repairs done to Port Property by the tenant when such improvements or repairs either relieve the Port of a financial responsibility or increase the return from or the value of the property to the Port; and
- WHEREAS, by Resolution No 91-118 the Port Commission adopted a Rent Credit Policy, attached thereto, and directed staff to adopt administrative guidelines in implementation of same; and
- WHEREAS, the Port Commission recognizes that the Rent Credit Policy has been in effect for over ten years, and good management practice requires periodic evaluation of such policies in furtherance of the maximizing the public trust benefit from the lease of Port land and facilities; and
- WHEREAS, the Port Commission intends to rescind Resolution No. 91-118, and with respect to the subject matter previously addressed by the Rent Credit Policy established by that Resolution, the Commission intends to review staff proposals for the applicability of rent credits in lease negotiations on a case-by-case basis until such time as the Executive Director submits to the Commission an evaluation of the past application and effectiveness of the Rent Credit Policy, and proposes a policy or policies to improve attainment of Port objectives through the use of rent credits, if appropriate; now, therefore, be it
- RESOLVED, Resolution No. 91-118 is hereby rescinded, together with the Rent Credit Policy attached thereto and dated as of December 11, 1991; and be it further
- RESOLVED, the Executive Director is requested to submit to the Commission an evaluation of the application and effectiveness of the Rent Credit Policy since its adoption, and propose to the Commission a policy or policies to improve attainment of Port objectives through rent credits, if appropriate.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of July 16, 2003.

Secretary



MEMORANDUM

July 9, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Susan J. Bierman
Hon. Wilfred Hsu

FROM: Douglas Wong 
Executive Director

SUBJECT: As-Needed Engineering and Environmental Services Contracts, Authorization to Award and Execute.

DIRECTOR'S RECOMMENDATION: AUTHORIZE AWARD AND EXECUTION OF PROFESSIONAL SERVICES CONTRACTS FOR AS-NEEDED ENGINEERING AND ENVIRONMENTAL SERVICES, EACH IN THE AMOUNT NOT TO EXCEED \$1,000,000, TO/WITH (1) PARSONS, BRINCKERHOFF, QUADE AND DOUGLAS, INC., RESOLUTION NO. 03-50 AND (2) MOFFATT AND NICHOL ENGINEERS, RESOLUTION NO. 03-51.

On December 17, 2002, the Commission authorized Port staff to issue a Request for Proposals ("RFP") for two separate as-needed engineering and environmental services contracts. On March 26, 2003, the Port issued the RFP for as-needed engineering and environmental consulting services. On April 23, 2002, the Port received twelve proposals.

A selection panel reviewed and evaluated all written proposals and selected six firms to proceed in the evaluation process. On May 15, 2003, the selection panel interviewed and evaluated six teams. The rating scores are provided in Attachment 1. Parsons, Brinckerhoff, Quade and Douglas, Inc., and Moffatt and Nichol Engineers were the two teams receiving the highest scores following completion of the evaluations.

Parsons, Brinckerhoff, Quade and Douglas, Inc., and Moffatt and Nichol Engineers have each agreed to meet the Human Rights Commission subcontracting goals of 16% for Minority Business Enterprises and 8% for Women Business Enterprises.

This Print Covers Calendar Item No. 7A

Port staff has met with representatives of Parsons, Brinckerhoff, Quade and Douglas, Inc., and Moffatt and Nichol Engineers to negotiate rates for the contract. The specific scope of services will be determined and negotiated as each task, or Contract Service Order (CSO) is identified. Services for any CSO would only be requested as the need occurs and as funding became available. Overall funding does not need to be in place prior to this contract award, but, rather, on a task by task basis. Each of the negotiated contracts includes an overall not-to-exceed fee of \$1,000,000 for as-needed consulting services over a maximum duration of three years. Further, the form of each contract is substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFP.

In addition, Port staff has met with representatives of International Federation of Professional and Technical Engineers, Local 21, and Department of Public Works to develop guidelines and procedures for use of as-needed professional contracts. That procedure is provided in Attachment 2. Using this procedure as a basis, Port staff requests that the Chief Harbor Engineer be authorized to issue Contract Service Orders for these as-needed professional services. The Chief Harbor Engineer will provide a report to the Commission on a quarterly basis as to the overall use of as-needed contract as well as to Human Rights Commission participation goals.

Therefore, Port staff requests that the Port Commission approve Port Resolutions 03-50 and 03-51, authorizing the: (1) award of professional services contracts for as-needed engineering and environmental services, each in the amount not to exceed \$1,000,000, to (A) Parsons, Brinckerhoff, Quade and Douglas, Inc., and (B) Moffatt and Nichol Engineers; (2) Executive Director to execute such professional services contracts in forms substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFP; and (3) Chief Harbor Engineer to issue Contract Service Orders for these contracts.

Prepared by: Tom Trimbur, Project Manager,
For Nieret Mizushima, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-50

- WHEREAS, the Commission previously authorized staff to issue an RFP for As-Needed engineering and environmental consulting services; and
- WHEREAS, on April 23, 2003 the Port received twelve proposals for this professional services work; and
- WHEREAS, a selection panel reviewed all proposals, and interviewed six proposers to select the two highest qualified consultant teams; and
- WHEREAS, the selection panel selected Parsons, Brinckerhoff, Quade and Douglas, Inc. as one of the two highest qualified teams to provide these as-needed professional services to the Port; and
- WHEREAS, Port staff and Parsons, Brinckerhoff, Quade and Douglas, Inc. have negotiated a not to exceed fee of \$1,000,000 at negotiated rates over a maximum duration of three years; and
- WHEREAS, the contract will provide for professional as-needed consulting services and will be in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFP; NOW, THEREFORE BE IT
- RESOLVED, that the San Francisco Port Commission hereby authorizes the award of the subject contract for "As-Needed Engineering and Environmental Services" to Parsons, Brinckerhoff, Quade and Douglas, Inc., at a cost not to exceed \$1,000,000, and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to execute the professional service contract with Parsons, Brinckerhoff, Quade and Douglas, Inc. in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFP and as approved by the City Attorney's Office; and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to execute such other contract documents that are necessary to implement the intent of this Resolution, in such forms that meet the approval of the City Attorney's Office; and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes the Chief Harbor Engineer to issue Contract Service Orders for this contract and to provide a report to this Commission on a quarterly basis as to the overall use of the contract as well as to Human Rights Commission participation goal.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of July 16, 2003.

SECRETARY

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-51

- WHEREAS, the Commission previously authorized staff to issue an RFP for As-Needed engineering and environmental consulting services; and
- WHEREAS, on April 23, 2003 the Port received twelve proposals for this professional services work; and
- WHEREAS, a selection panel reviewed all proposals, and interviewed six proposers to select the two highest qualified consultant teams; and
- WHEREAS, the selection panel selected Moffatt and Nichol Engineers as one of the two highest qualified teams to provide these as-needed professional services to the Port; and
- WHEREAS, Port staff and Moffatt and Nichol Engineers have negotiated a not to exceed fee of \$1,000,000 at negotiated rates over a maximum duration of three years; and
- WHEREAS, the contract will provide for professional as-needed consulting services and will be in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFP; NOW, THEREFORE BE IT
- RESOLVED, that the San Francisco Port Commission hereby authorizes the award of the subject contract for "As-Needed Engineering and Environmental Services" to Moffatt and Nichol Engineers at a cost not to exceed \$1,000,000, and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to execute the professional service contract with Moffatt and Nichol Engineers in a form substantially consistent with the Agreement for Professional Services (Form P-500) attached as Appendix C to the RFP and as approved by the City Attorney's Office; and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes the Executive Director or his designee to execute such other contract documents that are necessary to implement the intent of this Resolution, in such forms that meet the approval of the City Attorney's Office; and be it further
- RESOLVED, that the San Francisco Port Commission hereby authorizes the Chief Harbor Engineer to issue Contract Service Orders for this contract and to provide a report to this Commission on a quarterly basis as to the overall use of the contract as well as to Human Rights Commission participation goal.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of July 16, 2003.

SECRETARY

Attachment 1: As-Needed Scoring

Written Proposal Scoring

	Totals	Rank	HRC	Final	Final
TEAM	Points		Multiplier	Score	Rank
Parsons Brinckerhoff	253	1	1	253	1
Moffat & Nichol	236	2	1	236	2
URS	228	3	1	228	3
Treadwell & Rollo	214	4	1	214	4
Olivia Chen/Structus	195	5	1.075	209.625	5
Kennedy/Jenks-OLMM	176	6	1.075	189.2	6
CDM	164	7	1	164	7
Winzler & Kelly	154	8	1	154	8
Ansari/C+D Consulting	139	10	1.075	149.425	9
SFPMC (Earth Tech/Primus)	144	9	1	144	10
Don Todd Assc/NBA Eng.	127	12	1.075	136.525	11
Jordan/Kleinfelder	130	11	1	130	12

Interview Scoring

	Totals	Rank	HRC	Final	Final
TEAM	Points		Multiplier	Score	Rank
Moffat & Nichol	237	1	1	237	1
Parsons Brinckerhoff	209	2	1	209	2
Treadwell & Rollo	196	3	1	196	3
URS	194	4	1	194	4
Olivia Chen/Structus	175	5	1.075	188.125	5
Kennedy/Jenks-OLMM	168	6	1.075	180.6	6

Attachment 2: Procedure Regarding As-Needed Engineering Contracts

Whenever engineering, architectural, or environmental work is to be performed for the Port of San Francisco, the work will be performed in accordance with the following order of preference:

1. If Port staff has the specialized technical expertise necessary to perform the work and is not engaged in other work of the same or similar priority, the work will be assigned to Port staff.
2. If Port staff is unable to perform the required work due to lack of specialized technical experience or education in the required engineering field, or because of being assigned to work of the same or similar priority, Port management will contact in writing or via e-mail other City departments to determine if the work can be performed in a timely manner by qualified staff in another City agency.
3. If Options 1 and 2 are not feasible or practical, then the work will be performed by a contractor hired through contracting procedures established by the ordinance and/or by Purchaser, Controller, Civil Service Commission and the Human Rights Commission, either for an individual project or through a blanket as-needed contract. When practical, Port staff will be assigned to work with the contractor in the interest of furthering the specialized technical experience of the Port employee.

Staff will report to the Port Commission on a quarterly basis the status of As-Needed contracts. Copies of these reports will be forwarded to Local 21 and the Department of Public Works. The Port will work with other departments in projecting engineering, architectural, and environmental workloads.



MEMORANDUM

July 9, 2002

TO: MEMBERS, PORT COMMISSION

Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to Advertise a Request for Proposals from Contractors for Disposal Services for Dry Dock No. 1, Contract No. 2688

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ADVERTISE A REQUEST FOR PROPOSALS FROM CONTRACTORS FOR DISPOSAL SERVICES FOR DRY DOCK NO. 1.

SUMMARY

Port Staff requests Commission authorization to advertise a Request for Proposals for disposal services for Dry Dock No. 1.

BACKGROUND

In 1987 the Port acquired Dry Dock No. 1 ("DD1"), a floating steel dry dock with dimensions of approximately 654 feet long (including outriggers) by 128 feet wide by 54 feet high, as a "no value" asset as part of the bankruptcy settlement with Todd Shipyard, the former owner of the dry dock. San Francisco Dry Dock ("SFDD") (formerly Southwest Marine), which operates the Port's ship repair facilities at Pier 70, took possession of DD1 from the Port in 1987. By 1999, DD1 had become non-operational, and the Port obtained from the U.S. Navy, a refurbished dry dock named the Eureka (formerly named Steadfast) to replace DD1. The Port needed DD1's berthing location for the Eureka, so DD1 was relocated to Pier 70 Wharf No. 8 West outside of SFDD premises.

The Port auctioned DD1 in December 2000 through the City Purchaser's Office, but the successful bidder failed to take possession of DD1 due to financial and permit disputes, and subsequently filed a claim against the Port to rescind the sale. This dispute was resolved by

This Print Covers Calendar Item No. 7B

mediation in July 2002, in which the sale was rescinded. During this period, DD1 was shifted from Pier 70 Wharf No. 8 West to Pier 96 to make available the fueling station that was activated by the Migrant Potrero Power Plant. DD1 was shifted once again in November 2001 from Pier 96 to Pier 70 Wharf No. 8 East when it was found that the location at Pier 96 interfered with the docking of vessels for new business with the Hanson Aggregate Terminal at Pier 94.

In September 2002, the Port and the City Purchaser conducted a second auction to sell DD1 as surplus property with revised terms of sale and disclosure documentation. However, the second auction attempt yielded "negative bids", \$756,000 and \$800,000, meaning that contractors were only willing to take possession of DD1 if the Port paid the contractors' negative bid prices plus an additional undetermined hazardous materials handling cost. This process indicated that the Port needed to issue a Request For Qualifications or Request For Proposals to contractors for disposal of DD1.

Thereafter, DD1 remained at Pier 70, Wharf No. 8 East, where it remained under regular Port staff monitoring until November 7, 2002. Due to a severe storm with gale force winds and maximum ebb tide currents, DD1 broke free from its moorings, and drifted into the bay. Tugs responded to the emergency, but due to the storm, were not able to gain full control of DD1. The tugs were, however, able to shepherd DD1 to a grounding on Yerba Buena Island. DD1 sustained substantial hull damage and was at risk of sinking. The Port Commission President declared the incident an emergency on November 12, 2002 and subsequently authorized the execution of an emergency contract with Titan Maritime Industries, Inc. to inspect, perform necessary repairs to prevent sinking, and retrieve DD1. Titan Maritime successfully retrieved DD1 from Yerba Buena Island on December 8, 2002 and towed it to SFDD for further necessary repairs to stabilize the vessel and keep it afloat. Currently, DD1 remains safely and securely moored at SFDD Wharf No. 3 East under 24-hour watch while Port staff works to accomplish its ultimate disposal, thus relieving the Port of any future liability from this fully depreciated "asset".

DISPOSAL OPTIONS

Due to the size and aged condition of DD1, the feasible options to dispose of DD1 are limited. These include:

- Conversion – retrofitting and conversion of the dry dock for an entirely different use (e.g., a barge); and
- Reefing – offshore sinking of the dry dock (an intensive regulatory process that requires approval from the U.S. EPA, the Navy, and the Coast Guard) to create an artificial reef habitat that benefits marine life and commercial/sport fishing; and
- Recycling – dismantling and/or demolishing the dry dock into smaller parts that are then scraped and sold.

Port staff views the recycling option as the most feasible and effective course since it involves less regulatory approvals, results in total elimination of DD1, and thereby minimizes any future liability to the Port. Staff therefore recommends the issuance of a Request for Proposals from

contractors who are interested in submitting proposals and bids for disposal of DD1, as further described below.

SERVICES REQUIRED

Under the recycling disposal option, Port staff anticipates that some variation of the following services may be required:

- Repairs. Repairs to DD1 may be necessary to make it sea-worthy if it is towed to a different location to be dismantled/demolished for scrap and sold.
- Dismantling/Demolition. Dismantling/demolition is required and may occur in-place at SFD, at another U.S. location, or in a foreign country.
- Abatement. Abatement of known or suspected hazardous materials may be required prior to transport, dismantling/demolition, or disposal depending on where the dismantling/demolition and recycling occurs.
- Transport. Transport may occur by water or land, depending on where the dismantling/demolition and scrapping occurs.
- Recycling. Recycling of the scrapped material is required and may occur in either U.S. or foreign markets.
- Certification. Obtain necessary permits and comply with local, state and federal regulations for abatement, transport, export, foreign port entry and evidence of disposal.

The actual services required will depend on the method of disposal proposed by the responding contractors. In preparing the Request for Proposals, Port staff, however, anticipates requiring that only the following likely scenarios be considered by respondents:

- Scenario 1: In-Place Dismantling/Demolition. Under this scenario, DD1 will be dismantled/demolished at SFDD utilizing dry dock No. 2. The parts, large or small, will then be transported by water or land to a domestic or international destination for recycling.
- Scenario 2: Partial Dismantling, Transport and Demolition. Under this scenario, DD1 will be partially dismantled into larger, but manageable sections for water transport on a separate vessel to a domestic or international destination for recycling.
- Scenario 3: Transport and Dismantling/Demolition. Under this scenario, further repairs are made to DD1 to ensure that it is seaworthy prior to towing it to a domestic or foreign destination where it will then be dismantled/demolished for scrap and recycled.

Under all of these scenarios, respondents will be required to take the transfer of title and full liability for the dry dock, in its "as is" condition, and execute an agreement to indemnify the Port from any claims resulting from the sale and disposal of the dry dock. Qualified contractors will also be required to show proof of compliance with all environmental, Coast Guard and governmental regulations both in the U.S. and abroad, and provide documentation of ultimate disposal.

PROJECT DELIVERY METHOD

Port staff, in consultation with the City Attorney's Office, recommends a two-phase project delivery method, similar to that employed for the Illinois Street Intermodal Bridge project. The key advantage of using this delivery method for disposal of DD1 is that it enables the Port to obtain the services from qualified firms based on well-planned proposals for the lowest price, while expediting the timeline for accomplishing the disposal.

SELECTION PROCESS

As proposed by staff, a two-phased selection process will be employed to ensure that responding firms/teams possess demonstrated qualifications for performing this unique work. **Phase 1: Prequalification** will consist of prequalifying the firms/teams, and evaluating and negotiating the details of the proposal for disposal. A Request for Proposal ("RFP") will be issued for Phase 1. **Phase 2: Bidding** will entail each prequalified team submitting a sealed bid to perform the work specified in its respective proposal. Port staff intends to award the contract to the prequalified firm/team who submits a responsive proposal for disposal at the lowest bid. Teams not prequalified in Phase 1 will not be able to submit bids in Phase 2.

FUNDING

A supplemental appropriation will be required to fund the contract for disposal of DD1 and other ancillary costs necessary to achieve the disposal. Port staff anticipates the following ancillary costs:

- Project Management time
- Abatement of known hazardous materials
- Specialized marine architectural or engineering expertise to assist in identifying prequalification requirements and preparing an Engineer's Estimate, analysis of proposals under Phase 1, and possibly verification of services provided during demolition.

Port staff will return to the Commission to request a separate authorization from the Commission to proceed with the supplemental appropriation once a firm estimate on the costs for disposal of DD1 is known. The estimated costs will be directly related to real calendar dates of availability of dry dock dismantling locations, over-seas weather restriction, securing necessary permits, proof of clearance to receive DD1 in foreign ports, and similar factors. Thus, it is critical that once bids are received, that the project move forward in a timely manner.

ANTICIPATED SCHEDULE

Pending the ability of Port staff to secure the services of a marine architect or engineer with the requisite experience to assist in preparing the RFP, staff anticipates the following schedule:

- Publish Advertisement for RFP – September 2003
- Phase 1: Prequalification – October 2003
- Phase 2: Bidding – October/November 2003
- Contract Award – November 2003
- Seek Supplemental Appropriation – November/December 2003
- Notice to Proceed – January 2004
- Disposal Completed – April 2004 (depending on weather and recycling location, this may be extended beyond this date)

Note that the above schedule could be condensed if the services of the necessary marine architect or engineer can be secured sooner than through the anticipated Port's As-Needed contract. Port staff will seek Commission and Board of Supervisor approval for the supplemental appropriation to fund this project once bids are received.

In conclusion, Port staff seeks authorization from the Commission to advertise a Request For Proposals from contractors for disposal services for Dry Dock No. 1.

Prepared by: Kathy Nakazawa, Project Manager
for Nieret Mizushima, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-52

- WHEREAS, The Port acquired Dry Dock No. 1 in 1987 as a "no value" asset as part of the bankruptcy settlement with Todd Shipyard, the former owner of the dry dock; and
- WHEREAS, Dry Dock No. 1 has been non-operational since 1999 and the Port has made two attempts to auction it through the City Purchaser's Office, once in December 2000 and once in September 2002, both of which were unsuccessful; and
- WHEREAS, Dry Dock No. 1 has exceeded its useful life as a maritime asset; and
- WHEREAS, On November 7, 2002, Dry Dock No.1 broke free from its moorings at Pier 70, Wharf No. 8 East due to a severe storm with gale force winds and maximum ebb tide currents, and drifted into the Bay. Tugs responded to the emergency, but were only able to safely ground Dry Dock No. 1 on Yerba Buena Island; and
- WHEREAS, The Port Commission authorized an emergency contract with Titan Maritime Industries, Inc. to inspect, repair, and retrieve Dry Dock No.1, which was successfully retrieved from Yerba Buena Island on December 8, 2002 and towed to San Francisco Dry Dock for further necessary repairs to stabilize the vessel and keep it afloat; and
- WHEREAS, Due to the size and age of the Dry Dock No. 1, feasible options for disposal are limited, and dismantling and/or demolishing the Dry Dock for scrap metal is the most feasible and effective option since it involves less regulatory approvals, results in total elimination of DD1, and thereby minimizes any future liability to the Port; and
- WHEREAS, Port staff recommends a two-phased project delivery method, which will enable the Port to obtain the services from qualified firms based on well-planned proposals for the lowest price while expediting the timeline for accomplishing the disposal; and
- WHEREAS, Port staff will return to the Commission for approval of a supplemental appropriation that will be required to fund the contract for disposal and other ancillary costs necessary to achieve the disposal; now therefore be it
- RESOLVED, That the Port Commission hereby authorizes Port staff to advertise a Request for Proposals for disposal services for Dry Dock No. 1.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of July 16, 2003.

Secretary

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SAN FRANCISCO PORT COMMISSION

JULY 16, 2003 MINUTES OF THE MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHELA ALIOTO-PIER
HON. SUE BIERMAN
HON. WILFRED HSU

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO

PORT COMMISSION

MINUTES OF THE SPECIAL MEETING JULY 16, 2003

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:35 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Michela Alioto-Pier, Sue Bierman and Wilfred Hsu.

2. APPROVAL OF MINUTES - June 24, 2003 Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. The minutes of the June 24, 2003 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

- Port's Budget:

Executive Director Wong thanked John Woo, Chudi Chuba and Andres Acevedo from the Port's Finance staff for their help with the Port's budget. The Board of Supervisors approved the budget.

- Cruise Terminal Project:

Mr. Wong reported that earlier this morning, the Board of Supervisors considered the following items related to the Cruise Terminal Project:

1. CEQA Findings for the Cruise Terminal Project
2. Appropriating funds for the Cruise Terminal Project and Brannan Street Wharf
3. Agreement to sell a portion of Seawall Lot 330 and to lease Piers 30-32 to the development team, San Francisco Cruise Terminal, LLC.

All three of the items passed on 11-0 vote. These approvals are a remarkable achievement. He thanked the developer, SFCT led by Lend Lease and the Port of Singapore, for their persistence and patience and looked forward to a continued partnership. He also acknowledged the following Port staff for their work on the cruise terminal: John Doll and Byron Rhett of the Planning & Development department, Peter Dailey and his Maritime staff, Taline Sanassarian, Renee Dunn, Noreen Ambrose and especially Neil Sekhri, who did an incredible job. He also acknowledged former Port employees, Paul Osmundson and Anne Cook, who were instrumental in the project.

Commissioner Hardeman also thanked Renee Dunn for keeping the Commission informed about the project.

Mr. Wong reported that more steps must be taken in the next few months. On July 31, 2003, the Planning Commission will consider a height reclassification and conditional use application for the condo project on Seawall Lot 330. The height reclassification will also require Board approval as well as the conditional use, if appealed.

In the fall, the State Lands Commission will consider approval of the public trust exchange agreement between that portion of Seawall Lot 330 and a portion of the Western Pacific site. Third, BCDC will consider a major permit application for the Cruise Terminal Project. These approvals are crucial because they are contractual conditions to close escrow of the first phase of the project, which is the condo tower. Staff is hoping that the close of escrow will occur by the end of this year, which will enable start of construction soon thereafter, and be completed by 2005. It is hoped that by about this time, the Brannan Street Wharf and the Cruise Terminal Project will commence construction.

4. ADMINISTRATIVE SERVICES

A. Request for approval of Rate Increase for Port Parking Meters. (Resolution No. 03-46)

Finance Manager Chudi Chuba presented the item and requested Commission's approval.

Commissioner Alioto-Pier asked about the hours of operation for the Port parking meters. Mr. Chuba replied that the hours of operation are from 9 a.m. to 6 p.m. In some areas such as the Fisherman's Wharf, the parking meters are operated until 9 p.m.

In response to Commissioner Alioto-Pier's inquiry about which part of the City charges \$2.00 an hour for parking meters, Mr. Chuba replied that the downtown areas of the City charge \$2.00 an hour.

Commissioner Alioto-Pier asked why the Port is only charging \$1.50, and not \$1.75 or \$2.00. Mr. Chuba replied that the Port wants to ensure that it is charging the same amount as in the areas adjacent to Port property. Commissioner Alioto-Pier asked about the feasibility of extending the parking meter hours to 9 p.m. on all Port properties.

Mr. Alex Lee, Director of Engineering & Maintenance, replied that it's under the Port Commission's jurisdiction to set the parking meters hourly rates as well as hours of operation.

Commissioner Brandon commented that changing the Port meters to operate until 9 p.m. while the meters across the street operate only until 6 p.m. might pose a problem to the Police Department. Mr. Lee replied that there are Port meters that operate until 7 p.m. which are adjacent to meters that operate until 6 p.m.

Commissioner Alioto-Pier made a motion to change the parking meters hours of operation to 9 p.m. throughout the Port. Commissioner Hsu seconded the motion.

Commissioner Bierman indicated that this matter has been looked at for a variety of reasons. Instead of amending the resolution, she asked to delay this matter until staff looks into the recommendation. Commissioner Alioto-Pier concurred and requested staff to also look into the possibility of changing the parking meter rates to \$1.75 or \$2.00 an hour.

Commissioner Hardeman asked when staff plans to implement the increase of parking meter rates if the Commission approves it today. Mr. Chuba replied that staff expects to implement the new rates effective August 1st.

Commissioner Alioto-Pier mentioned that after her discussion with Mr. Chuba and Mr. Robinson about the budget last week, Port staff should be doing whatever it can to make sure that it is generating more revenues for the Port.

Mr. Wong replied that staff will present a recommendation to the Commission at its August 12th meeting. At Legal Counsel Noreen Ambrose's suggestion, staff has to first discuss with the Department of Parking Traffic the Commission's recommendation of changing the parking meters hours of operation and to ascertain if they would be able to enforce it. Staff will prepare a matrix to compare the revenues that the Port will generate by charging \$1.50, \$1.75 or \$2.00 and present it to the Commission at its next meeting.

Commissioner Hardeman appointed Commissioners Alioto-Pier and Bierman to serve on the committee to work with staff and bring back a recommendation for the August 12th meeting.

ACTION: Commissioner Alioto-Pier moved approval to defer this item to the next meeting; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

5. MARITIME

A. Request for approval of MOU-13511 between the San Francisco Police Department and the Port of San Francisco for use of space at Hyde Street Harbor. (Resolution No. 03-47)

Mr. John Davey, Maritime Department, presented the item and requested Commission's approval. Mr. Davey indicated that Hedley Prince, the Port wharfinger and harbormaster at Fisherman's Wharf, did the lion's share of the work with this project in conjunction with Sargent Danny Winn, commander of the SF Police Marine Unit.

Commissioner Alioto-Pier asked if the Port has any financial responsibility with the Marine Unit. Mr. Davey replied that the maintenance, staffing and all the equipment are solely funded and the responsibility of the SFPD. The MOU outlines the cost responsibilities. SFPD is responsible to install and maintain payment of those utilities. The Port will be cooperative and help in the installation of those facilities.

In response to Commissioner Brandon's inquiry regarding the location of the office trailer, Mr. Davey replied that until a permanent headquarters for the Marine Unit and harbor staff is built on the site of the blue shed building, the Marine Unit will operate out of an office trailer in the parking lot adjacent to the blue shed building. The Port will provide space in the Hyde Street parking lot for SFPD to temporarily place an office trailer, provide two berths in Hyde Street Harbor for police vessels and make available approximately 800 s.f. of space inside the blue shed building for gear storage. Once the trailer is gone, the two spaces will revert back to four parking spaces.

Commissioner Brandon asked if a new MOU would be drawn up once the permanent building is built. Mr. Dailey replied that a modified MOU will be drawn up as it will detail a different space and a longer term lease.

Commissioner Bierman asked about the aesthetics of the building. Mr. Davey replied that the building is in the shadow of the two existing structures, to the south of the blue shed building and directly behind it is the wood shop and a wood working yard for the Hyde Street pier. It does not block any views. Staff is seeking direction and approval from BCDC with regards to the appropriateness of the building for that location. Staff will make every effort to make sure that that it is aesthetically suitable to the area even though it will be a temporary structure.

Commissioner Hardeman commented that he saw the magnificent and amazing 23-foot rapid response vessel during the grand opening of the Hyde Street Harbor and was very impressed by it.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-47 was adopted.

B. Request for approval to authorize staff to award the professional services contract for "Rail Consulting Services" to George R. Fetty and Associates. (Resolution No. 03-48)

Ms. Jill Simpson-Rodby, Maritime Department, presented the item and requested Commission's approval.

Commissioner Brandon indicated that since the RFP was issued a year ago and for the benefit of the new Commissioners, she asked Ms. Rodby to give the Commission a background information regarding the bidders, the selection process, and the composition of the selection panel.

Ms. Simpson-Rodby replied that the selection panel comprised of herself, Noreen Ambrose, Nita Mizushima and Tom Trimbur. Staff received proposals from: Wilbur Smith Associates, Commerce & Maritime, TransSystems, KJM and ECG. They were rated based on their qualifications and concepts for what the Port needed. A lot of the companies were well qualified but many of them had more experience with larger ports. While they have the rail expertise, they weren't knowledgeable of small ports, like the Port of San Francisco, in terms of freight movements, and its obstacles. One of the major criteria was a thorough understanding of what the Port is up against as well as the consultant's knowledge of the UP and its contacts with UP. The top three companies were: Wilbur Smith, Commerce & Maritime and George R. Fetty. For various reasons, staff eliminated Wilbur Smith and Commerce & Maritime. George Fetty and Associates have the knowledge of what the Port was up against and have contacts in the rail industry.

Commissioner Brandon asked what JPB meant. Ms. Simpson-Rodby replied that JPB stands for State Joint Powers Board, the authority that operates the commuter rails.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-48 was adopted.

- C. Request for authorization to accept and expend \$3,475,000 in grant funds awarded to the Port of San Francisco by the Transportation Security Administration for the purpose of enhancing facility and operational security at the Port's cruise, ferry, and cargo terminals. (Resolution No. 03-49)

Maritime Director Peter Dailey presented the item and requested Commission's approval.

Commissioner Alioto-Pier indicated that the monies are allocated for the cruise, ferry and cargo terminals and none for the Fisherman's Wharf area or the fishing industry. Mr. Dailey stated that the Port has a very unique security need. At the August 12th meeting, staff will brief the Commission regarding the Port's security assessment project. Ports have a wide array of uses; some ports are container, some are bulk cargo. The Port of San Francisco has a ballpark, bridges, tourist attraction, commercial fishing, etc. The federal government focused at areas that have large-scale transportation modes. The security assistant of Parsons Brinckherhoff (PB), the Port's security assessment consultant, looks at Fisherman's Wharf at a different standpoint. By relocating the Marine Unit to Fisherman's Wharf, it would significantly enhance the wharf's security. A lot of work needs to be done with the Fisherman's Wharf community to ensure a coordinated security plan for the northern waterfront. The Fisherman's Wharf Merchants Association has done some planning of their own. Port staff and its consultant have attended their meetings. The Port needs to make security part of its program. At the August 12th Commission meeting, PB will present the guidelines of making security part of what we do along the waterfront.

Commissioner Alioto-Pier commented that \$3.4 million is a lot of money. It does not make sense investing \$3.1 million into a facility that won't be used too much in the next five years. Mr. Dailey replied that the Coast Guard and the Customs Service's view is that Pier 35 is so deficient that if we don't make those improvements in the short term, it will not be ours to operate at all. Staff hopes that the Port gets a lot of cruise business when the new cruise terminal is completed that we would be able to use Pier 35 for overflow needs. Some of the proposed improvements to the pier will be amenities that could be used for assembly, etc. It will be an enhancement to the asset from a security standpoint and from a visitor comfort standpoint as well.

Commissioner Brandon commended staff for securing the grant and looks forward to seeing the security assessment and future plans for the Port.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-49 was adopted.

6. REAL ESTATE

- A. Request for approval of lease for surface parking between the Port and Pacific Park Management, Inc., a California corporation, at Seawall Lot 322-I, located at Front Street between Broadway and Vallejo Street. (Resolution No. 03-53)

Property Manager Phil Williamson presented the item and requested Commission's approval.

Ernestine Weiss asked about the term of the lease and the financial details. Commissioner

Hardeman replied that the term of the lease is two years and the base monthly rent is \$39,333. The percentage rent is equal to 66% of gross receipts. Mr. Williamson pointed out that the staff report details the various points of the lease term.

Ernestine Weiss asked about the future plans for the lot. Mr. Williamson replied that this property is part of the Broadway Hotel project. This portion of the project is slated for a parking garage.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-53 was adopted.

B. Request for approval to rescind Resolution No. 91-118, Adoption of Policy regarding Rent Credits. (Resolution No. 03-54)

Asset Manager Nic Dempsey presented the item and requested Commission's approval.

Commissioner Brandon suggested that since the Commission is in the process of studying the rent credit policy, the Commission should rescind all rent credits until a new policy is established.

Port General Counsel Noreen Ambrose reminded the Commission that the Port has entered into agreements with tenants that recognize, in certain circumstances, that rent credits are authorized.

Commissioner Brandon indicated that she was referring to new leases not the existing leases. Most office tenants need rent credits but some offices are in good condition after a tenant vacates the premises. Rent credits should be granted in a case-by-case basis and not offered automatically.

Commissioner Hsu indicated that was the intent of the proposed resolution. Commissioner Brandon replied that the resolution states that rent credits up to \$5,000 for certain items are granted without Commission approval.

Mr. Dempsey indicated that the Port has certain leaseholding contract obligations in place but this motion will not affect it. Commissioner Brandon indicated that this policy will affect future leases until a rent credit policy is established.

Commissioner Hsu reiterated Mr. Dempsey's request that the Commission does not grant automatic rent credit policy and that rent credit should be reviewed on a case-by-case basis. Commissioner Brandon indicated that the existing policy provides for rent credits up to \$5,000. She recommends that the Commission rescind the existing policy until a new policy is established. Any request for rent credits, even if it's less than \$5,000, will require Commission's approval.

Legal Counsel Noreen Ambrose stated that to accommodate Commissioner Brandon's amendment, a new resolved clause should be inserted after the first resolved clause of the resolution. It should state... "be it further resolved that a rent credit authorization in any new lease agreement would require Commission approval in advance."

ACTION: Commissioner Brandon moved approval of resolution as amended; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-54 was adopted.

7. ENGINEERING & MAINTENANCE

- A. Request for authorization and execution of professional services contracts for As-Needed Engineering and Environmental Services, each in the amount not to exceed \$1,000,000 with: (1) Parsons, Brinckerhoff, Quade and Douglas, Inc. (Resolution No. 03-50) and (2) Moffatt and Nichol Engineers (Resolution No. 03-51)

Chief Harbor Engineer Nita Mizushima presented the item and requested Commission's approval.

Commissioner Brandon asked why the contract was divided into two separate contracts. Ms. Mizushima replied that staff saw a need to distribute the work amongst the community of consultants especially in these economic times and to have as many available consultants to the Port as possible.

Commissioner Brandon indicated that the contract was separated into two contracts to allow the community to participate in the overall project. So far, she has not seen anything that the community will be involved in. Ms. Mizushima replied that what she intended to imply was in the distribution of work, the Port maximizes the participation of those communities that haven't been involved. There were almost 100 different consultants amongst the 12 teams that responded. She understood Commissioner Brandon's concerns and staff will update its outreach database. One of the first tasks with the consultants is to increase that participation.

Commissioner Brandon indicated that prior to issuing the RFP, there was a discussion about updating the database to ensure that staff will do outreach to the communities that don't necessarily participate in Port contracts. Ms. Mizushima replied that staff tried but acknowledged that staff could do better with its outreach and will strive to do so.

Commissioner Brandon indicated that one of the goals of this project was to ensure that the community was included and that there was local participation. Ms. Mizushima replied that she was open to suggestions. Staff did try to incorporate the community but will try harder. She would like to accomplish this by using the as-needed contracts if possible to maximize the exposure and opportunities for the communities. She would be happy to work with the Commission to work on this issue.

Commissioner Brandon asked if there are any plans for local participation. Ms. Mizushima replied that she has a list of consultants for local participation but not a list of where the firms are located with respect to zip code. There is task to support the Illinois Street bridge project, as well as the drydock project and others. She would be happy to work with the Commission to ensure local participation.

Commissioner Brandon asked if the two contracts are for overall as-needed projects and not for a specific project. Ms. Mizushima replied affirmatively and added that they are for smaller tasks. A separate RFP will be issued for major tasks.

Commissioner Brandon asked if there is a list of consultants that are involved with the teams and if there are local San Francisco companies within those teams. Ms. Mizushima replied that she does not have the information available but would be happy to provide it to the Commission.

Commissioner Brandon reminded staff to work harder and increase its outreach to the community for future projects. Ms. Mizushima replied that staff will ensure to increase its outreach to the community.

Commissioner Alioto-Pier indicated that since this project is for as-needed engineering and environmental consultant services, she asked if the Port does not have the expertise or the staff for this type of work. Ms. Mizushima replied that the Port has staff with expertise but are sometimes not available. However, if all the Port's structural engineers are busy and there is a desperate need to complete a job, the Port will first look to other City departments to find out if someone is available to do the job. If not, the Port will utilize the as-needed contracts and bring someone quickly as opposed to going through the RFP process. Sometimes, it is desirable to have a second outside opinion. In the past, the Port used the Department of Public Works as-needed contracts but the Port had to pay a minimum of 5% for their administrative services and it also takes time to electronically transfer money from the Port to the Department of Public Works. These contracts would give Port staff control of the project and provide the expertise specifically tailored for the Port.

Commissioner Alioto-Pier asked if staff foresees using the \$2 million over the course of the project and if staff foresees needing more. Ms. Mizushima concurred that staff will expend the \$2 million over the course of three years and possibly needing more. Funds are available but staff is also anticipating grant funds to supplement some of the tasks.

Commissioner Alioto-Pier asked if this resolution would give the Chief Harbor Engineer the authority to accomplish the project without the approval of the Commission. Ms. Mizushima replied affirmatively.

Commissioner Alioto-Pier asked if the Commission will be informed when professional services are brought up or when the consulting fees are being used. Ms. Mizushima replied that she will be providing a report to the Commission on a quarterly basis as to the overall use of the contract.

Commissioner Brandon asked if these contracts are budgeted over a three-year period. Ms. Mizushima replied that the contract duration is three years; the capacity is available over the course of three years from execution of contract. The monies will be expended, as they become available. Work will be on a task-by-task basis.

To alleviate Commission's concerns, Executive Director Wong suggested putting a ceiling of \$25,000 prior to issuing contract award. Staff will request Commission's approval if the contract amount exceeds \$25,000. Ms. Mizushima added that if that is a concern she would be happy to present the report and give the Commission the opportunity for a feedback at that time.

Commissioner Alioto-Pier indicated that the Executive Director's suggestion is a good

idea. Ms. Mizushima suggested a higher amount based on today's economic conditions and the cost of many of the anticipated tasks, preferably in the \$50,000 to \$75,000 range.

Commissioner Hardeman amended the item to put a \$75,000 amount for the Chief Harbor Engineer to approve; any amount in excess would require Commission's action. To reflect the Commission's amendment, Legal Counsel Noreen Ambrose suggested adding the phrase "... up to \$75,000; any amount in excess of that would require Commission's authorization" to the last resolved clause of the resolution.

ACTION: Commissioner Brandon moved approval of resolution, as amended; Commissioner Hsu seconded the motion. All of the Commissioners were in favor. Resolution No. 03-51 was adopted.

B. Request for authorization to advertise a Request for Proposals for Disposal Services for Drydock No. 1, Contract No. 2688. (Resolution No. 03-52)

John Davey, Maritime Department, provided the Commission a background of the project and requested Commission's authorization for staff to advertise an RFP for disposal services for Drydock No. 1. Mr. Davey mentioned the following disposal options for Drydock No. 1: (1) retrofitting and conversion of the drydock for an entirely different use; (2) reefing – offshore sinking of the drydock and (3) recycling. Port staff believes that the most feasible and effective solution for the disposal of the drydock is recycling.

Project Manager Kathy Nakazawa described the process that staff will use to solicit the bids, the services required, the project delivery method, the selection process, funding and the anticipated schedule.

Commissioner Alioto-Pier asked if staff is asking for proposals to demolish the drydock. Ms. Nakazawa replied affirmatively. Commissioner Alioto-Pier asked if the drydock is still operational and if any other port wants it. Ms. Nakazawa replied that its useful life has come and gone a long time ago. Mr. Davey mentioned that staff tried to give it away but there were no takers. Of the three options, Commissioner Alioto-Pier asked which option costs less. Ms. Nakazawa replied that the reefing option is the cheapest. However, staff is steering away from that option because of its continuous liability to the Port. Of the three options, even though reefing is potentially the cheapest option, staff believes that dismantling it and turning it into scrap is the best option; the second cheapest option.

Commissioner Alioto-Pier asked about the cost to demolish the drydock. Ms. Nakazawa replied that staff does not have any idea at this time. Staff is trying to get a marine engineer on board to help out.

Commissioner Brandon mentioned that the San Francisco Drydock has a responsibility with this drydock but changed their mind. She asked if SFD is participating in any way with the disposal of the drydock. Mr. Davey replied that there was a discussion with the Commission in closed session regarding SFD's lease amendment and the legality and liability issues. Mr. Davey stated that SFD has been cooperative in this process and has given staff advice, direction and referral in its queries about the proper disposal of the drydock. SFD has performed repairs to the drydock at their cost and has committed to any necessary repairs for the drydock at their cost.

Commissioner Brandon asked about the other drydocks. Mr. Davey replied that there are two drydocks currently in operation at SFD. In terms of their construction and methods of use, they are similar. Drydock No. 2 is about one third larger than Drydock No.1. The Eureka is similar in size.

Commissioner Brandon asked who would be responsible for the disposal or sale of those drydocks once SFD is done using them. Mr. Davey replied that this issue has come to light due to Drydock No. 1. This will have to be negotiated further with SFD and/or approach made to possible sale of the drydocks to resolve this issue or further language crafted in the lease for responsibility or accrual of ongoing cost to pay for its disposal. There is no set plan at this time.

Port General Counsel Noreen Ambrose mentioned that staff could provide the Commission specific language of the lease. SFD has a responsibility to maintain Drydock No. 2 and the Eureka. There is a condition survey that they were supposed to undertake as part of the lease amendment.

Commissioner Brandon indicated that staff should ensure that the Port does not find itself in the same position again and not be liable for the disposal of those drydocks. SFD needs a drydock to perform their work but they are not a non-profit corporation and are making a lot of money using those drydocks. For the Port to be responsible for the disposal or sale of those drydocks once they are done using them is not fair to the Port.

Maritime Director Peter Dailey stated that there are provisions in the most recent amendment to SFD's five-year lease. The amendment of the lease directs SFD to complete a comprehensive survey of the drydock to get a complete use condition of that craft. Staff has looked at the preliminary findings of the condition of the drydock. It has a useful life of another 30 years. SFD was instructed by the Port to report the annual condition of that facility and there are demands in their agreement where they have to maintain the drydock. One of the problems with Drydock No. 1 is that it has been in the waterfront for decades. Through bankruptcies and transformations of companies twenty years ago, there were no condition surveys of that drydock that staff is demanding upon the current operator of the drydock to maintain. There are parameters in place and amendments in their lease which call for them to report to us and to maintain the drydock in current and good standards.

Commissioner Hsu asked if staff has exhausted all avenues of pursuing SFD in their sharing of their liability of disposing Drydock No. 1. Mr. Dailey replied that there have been discussions with the Port Commission earlier this year about this topic with the City Attorney's office.

Legal Counsel Noreen Ambrose reminded the Commission that this matter is a privileged attorney-client communication and should not be discussed in open session.

Commissioner Hsu asked if staff has exhausted the ways to negotiate with SFD without getting into the information that staff cannot disclose. Mr. Dailey replied that staff has asked SFD to work with the Port. They have shown good faith efforts in recent months towards helping the Port alleviate this situation. The drydock is currently at their facility.

They are monitoring it in a safe harbor and have performed work on the drydock at their cost without profit. Staff believes that they may play a party to one of the disposal companies who can offer a more economical resolution to this issue. Staff is working with them and has asked them to participate in terms of the ultimate disposal of the drydock.

Commissioner Hsu asked if SFD is sharing in the cost toward the disposition of the drydock. Mr. Dailey replied that at this point in time, they are providing in-kind services and maintaining the drydock at the premises. They are spending money of their own in terms of resources towards looking for ultimate solutions to its disposal. The RFP process will show what their intents will be and staff will press them to ensure that they are involved in the ultimate disposal of the drydock.

Commissioner Hsu asked if the Port has asked SFD to participate in sharing the cost of the disposition of this drydock. Mr. Dailey replied that staff has asked them to participate in the cost and has asked them to provide emergency repairs which were done at the beginning of the year and were done on a not-profit basis. Repairs to other crafts involved with the successful removal of the drydock were done on a cost only basis. If waiving their profit for the work provided is a contribution towards handling the drydock; they have been involved.

Commissioner Hsu asked if staff could ask them to participate in the actual cost and not just waiving the profit. Mr. Dailey replied that he is not reticent to ask them to be more involved in the ultimate disposal. He believes that when the RFP process is kicked off, they will step up in a way that will share other aspects to the disposal that will lessen our liability. Staff will continue to work with them towards having them provide some assets and opportunities to get rid of the drydock.

Commissioner Hsu asked why staff is reluctant to ask SFD to share in the cost. They have been using the drydock for decades and have profited from the use of it. Now that they are done with it, they are giving it back to the Port since it's a liability. He was perplexed that the Port would allow SFD to leave behind such a huge liability. It's an economic liability and bad press. He was perplexed that staff is reluctant to ask SFD to participate in the actual cost and not just waiving the profit in the handling of this liability. Port General Counsel Noreen Ambrose indicated that the Commissioner is approaching specifically the legal issues. Staff did ask SFD to share in the cost. Their answer is that they have no legal responsibility for the drydock and they are quite adamant in that assertion made on their behalf by their lawyer in response to equally adamant assertions on behalf of the Port that they should contribute to the disposition of the drydock. The fact that they rely on is that they were responsible for maintenance and good faith efforts towards the disposition of the drydock. At the point they quit using it, there was an assumption that it could be sold for a positive value for scrap and that it wouldn't be a negative liability. It could be sold for a dollar for scrap. They have an agreement with the Port that they will contribute to the maintenance and care of the drydock even though it would no longer be within their leasehold premises until such time that it could be disposed of. That's when the series of misfortunes fell upon this situation. In the salvage sale, the drydock was purchased by an individual with the idea that he was going to convert the drydock into a music rehearsal studio. He outbid the one dollar bidders by \$75,000 and then woke up and realized that he had purchased a liability and that he was never going to get a permit from BCDC. In our agreement with SFD, there was a language that at the point at which the drydock was

sought the advice from an environmental group. Commissioner Alioto-Pier asked if Port staff has looked at it from an environmental point of view. Mr. Davey replied affirmatively.

Of the three different options, Commissioner Alioto-Pier asked which one would cost the least. Ms. Nakazawa replied that the cost is unknown at this time. It would depend on how it will be transported out of the current location. If they decide to dismantle it in place and load it on the barge and float it off across the bay for recycling, the cost would be cheap. If they decide to repair the drydock so it is seaworthy and can go across the Pacific Ocean and dismantle it overseas, there is some up front cost but the end cost may be less because of the lower cost of labor. Without having the actual bids and without the assistance from somebody who is knowledgeable of this type of operation, it's difficult to quantify.

Mr. Davey added that the other factor is the salvage value. Salvage value and the cost of the price per iron is higher in the Far East than it is locally. To be able to keep the cost down to get there balances it as opposed to having to pay less cost for transportation but not get the same return for the salvage value.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-52 was adopted.

8. NEW BUSINESS/PUBLIC COMMENT

Bruce Waygood, of Waygood & James, a 40-year Port tenant at Pier 50 indicated that business has not been good since all the ships moved to Oakland. The Port has recently raised his rent. He asked the Commission to give him a little of bit time to move out at the end of the year and to keep his rent at the current rate.

In response to Commissioner Brandon's inquiry about the type of business he conducts at Pier 50, Mr. Waygood replied that he is a marine supplier.

Walter Johnson, Building Trades Council, gave his support to Mr. Waygood. He has been a faithful and loyal tenant of the Port for over 40 years. He asked the Commission to be loyal to Mr. Waygood and to keep the rent at the current rate if possible.

Executive Director Wong indicated that he will be meeting with Mr. Waygood about his request.

Ernestine Weiss inquired about the signs she requested on the Embarcadero. Construction for the Piers 1-½, 3 and 5 project will soon commence. She was worried that the skateboarders will be out in force. She has contacted the Arts Commission to get their ribbon blocks removed. She asked if the Port's benches could be removed as soon as the ribbon of lights is removed. Bike lane signs and no skateboarding signs should be posted along the Embarcadero.

Francisco Da Costa, Environmental Justice Advocacy, spoke on behalf of the first people of this area, the Muwekma Ohlone Tribe. The 7.5 mile jurisdiction of the Port belongs to all the people of California. The Heron's Head Park at the Bayview Hunter's Point area is a toxic dump. In 1978, a power plant company wanted to build a plant on Heron's Head Park but after a preliminary evaluation, decided not to build it. The PG&E plant is about 50 feet away from

Heron's Head Park. People are proposing to build a living classroom at the park. In all decency, the children should not be taken anywhere where there is pollution. The living classroom cannot be built with a foundation because the toxic will be exposed to the people. The children are told that the living classroom will be sustainable. It cannot be sustainable in a polluted environment. The 60-year old PG&E plant pollutes over a 6-mile radius of the City. Environmental experts have stated many times that they want to shut down the PG&E plant. They have stated it before the Board of Supervisors, the Planning Department, the EPA and other organizations. He begged the Commission not to allow any entity to build the living classroom on that toxic dump. He has obtained 220 signatures from people who live very close in the area who do not want this living classroom on that toxic dump.

Merylin Wong, Director of Historic Ships Memorial, invited the Commission to the USS Iowa fair and picnic scheduled for July 19th. They have been working with Port staff for over six years to identify a pier for this natural treasure. She will arrange with Peter Dailey to have a formal presentation to the Commission regarding this project. The ship's relocation was funded by Congress, supported by both the States of Iowa and California, Mayor Willie Brown, including his office of Emergency Services who would like to designate this ship for emergency crisis response use. Recently, they accompanied Navy officials to meet with Mr. Wong and Mr. Dailey at the Port. The Navy is open to awarding the ship for use as a museum. This position is based on the availability of either an interim or a long-term pier. She assured the Commission that when the USS Iowa is berthed at the Port, it will overload the parking meters and parking lots.

Brenda Salgado, Literacy for Environmental Justice, thanked the Port Commission for previously approving and committing to the living classroom project. The community involvement has been very high, especially with the hundreds of students who helped design and developed the concept of the living classroom. They are aware of one voice that is opposed to their project. They have always had an open door policy to invite community members to voice their concerns at their office, to look at any of the reports they have, review any documents and look at the results of soils tests. They have made that open invitation to Mr. Da Costa and acknowledged that they would like him to speak to them at any point. They are a community organization that works hard to work on community input into the projects and to have a strong Bayview Hunter's Point youth voice into the work they do. As a result of Mr. Da Costa's previous concerns voiced to the Commission, they, in good faith and in the spirit of democracy, have done more soils testing at 7:30 this morning. Results of which will be made available to the Port Commission. They did not have any previous negative results and they don't anticipate any with this particular test. She requested that the Port move forward with the project and honor the commitment previously made to the Bayview Hunters Point community. They are open to working with both the Port and the community on developing support for this project.

Jean Sramek, Living Classroom Project Coordinator, indicated that she has consulted with and done workshops with hundreds of students to get their input about the classroom with many members of the community in three separate community meetings. There have been articles in the Bayview paper, in Bay Nature, in the Guardian, in the Chronicle about LEJ and the Living Classroom. There have been ample opportunities for the public to voice their concerns openly to the organization. They have not heard much except from a couple of people. They have, however, received a lot of support. They have about 600 more postcards in support of the project. Her concern was the petition that was submitted by Mr. Da Costa. A misinformation

was provided to the public to get them to oppose it. The test results show otherwise. Their top priority is to protect the thousands of kids they have at the park. She invited anyone with any concerns of any kind to come to their office and speak with them. They can examine all the documents they have about the soil, the building, and the process of the design. They can examine the permits they received from the San Francisco Planning Department and BCDC. They can give their input and concerns openly so they can be dealt with openly instead of via email. They have an open door policy. Commissioner Hardeman has been a vocal active supporter of LEJ. All of the contact information as well as basic information are posted on their website at www.lejyouth.org.

Jawanza Barial-Lumumba, LEJ, indicated that he works with a program that gets information from various programs throughout the City including Bayview Hunter's Point. A living classroom would be extremely beneficial and helpful for the youths of San Francisco. 31% of the youths surveyed indicated they need more space. The living classroom will provide the youths with more space especially in the Bayview area. It will provide them a safe place to meet. The youths will be in a safe environment without having to worry about closing or other problems they might run into in other places. The living classroom would also benefit other programs that happen in the Bayview area.

Cleo Woelfle Erskine, Naturalist at Heron's Head Park, thanked Port staff and the Commission for their support in the creation of the Heron's Head Park, the jewel of the waterfront. Heron's Head Park is an incredible resource not only for the wildlife that use it but also for youths and community members who come to experience a little bit of what San Francisco should be like. It is an open space resource for the youths especially in the southeast side of the City. He reviewed the soils report and is of the opinion that it is a safe place to be. It is also a socially safe space where they don't have to worry about problems that they would encounter on the streets. This year at LEJ, they have brought 1800 students to the park, mostly from the Bayview Hunter's Point, the Mission, Excelsior and the southeast neighborhoods that are not served by other programs. It gives them an opportunity to survey wildlife, to conduct environmental monitoring, to learn about the history of the neighborhoods with the current environmental justice issues and to give them a context within which they can strive to improve the conditions of their neighborhood. To address Mr. Da Costa's concern about how this building could be sustainable, the larger view of sustainability is how to create the culture that could sustain the land that it is inhabiting. By looking to the past, to the Muwekma Ohlone Tribe, by learning some of the methods and traditions, they can empower the young people with tools to restore the landscapes of San Francisco. Heron's Head Park is a great resource. There are also people who fish there, providing food for their family. San Francisco State University, USF, and City College conduct research in plants, animals and birds and the toxic effects of the power plants. The living classroom will provide a facility for those groups to come together for community meetings, for lab space, for greenhouse, for propagating some of the native plants at the park and open space for the Bayview as well as for Bay Area residents.

Henry Ye, a full-time student at Thurgood Marshall and currently attending summer classes at U.C. Berkeley, indicated that he was one of the youths under Jean Sramek's supervision. He has been employed at LEJ since he was a freshman. He is now a senior in high school. He is in full support of the project. He is one of the many volunteers to have been at Heron's Head Park, which is not a toxic dump. It has been restored to a nice, pristine park. He would love to see the living classroom become a reality at the Bayview Hunter's Point. It would be a valuable resource for the people and the community.

Gladys Vilchez, LEJ, voiced her support for the living classroom. She asked the Commission to imagine for a second a beautiful wetland full of starlings, snowy egrets and jackrabbits where birds and wildlife are bountiful. This scenery is at Heron's Head Park. She assured the Commission that if such a site is toxicated, such beautiful wildlife would not be abundant. As a resident of District 10 and an honorary graduate from Thurgood Marshall, she knows how it is to live in a toxic neighborhood where they are deprived of many resources. The living classroom would be great for students who live in a terrible neighborhood with gun violence, drug abuse, etc. This would be a great haven for children, for youths, where they could learn and play around where they won't have to deal with everyday struggles of life, where they can get away from their parents or be with their friends. It will be safer in the living classroom than in the streets.

Ulili Onovakpuri, resident of Bayview District, stated that they have learned the history of the Heron's Head Park. She would like to think that their directors and staff wouldn't take them somewhere where it is toxic because they care about them. They learned that the park is a landfill as well as other parts of the City. There is a difference between toxic waste and landfill. For her to support something she has to know a lot about it and people who know her, knows that she asks a lot of questions. Before she agreed to come to the meeting, she asked a lot of questions. If the test results reveal something negative in the environment, they will find a way to reduce the toxic waste in the soil or find another location for the project. It inspired her to come to speak to the Commission. They wanted to make sure that the project gets done. It's for the youth. Living in the Bayview, they need a place like this. The living classroom is in the middle of nowhere. It's a peaceful place and they are among the birds and the wildlife. As a member of the Bayview community and the LEJ organization, she urged the Commission to continue supporting the project. They need more people like the Port Commission who will provide this type of environment.

Gary Wen, Bayview Hunter's Point resident, indicated that this project provides a place for people who are interested in learning more about the environment. For this reason, he is in support of the project.

Kenny Wong supports the living classroom project. He has worked at LEJ for a year now and has more to learn. When the living classroom project is in operation, he will learn more. The environment around the classroom is nice. There are a lot of youths in the Bay Area who wants to learn more about environmental issues and the living classroom will provide it to them.

Patrick Rump, former education coordinator for the Heron's Head program, has been visiting Heron's Head Park for the about seven years. He thanked the Port for its past commitment and transforming that landscape into a real precious resource not only for Bayview Hunter's Point but also for the bay, and for the community of San Francisco in general. This is a great opportunity for the Port to step forward and promote sustainability in the City and put its power out there and show that other departments in the city and other cities around this nation that projects like this and sustainable building are really important things. He also sees that building of the classroom is another opportunity to expand all of the community input that has gone into the park. He is sure that 10-15 years down the road, people still care about that park. He strongly urged the Commission to support the living classroom project.

Erica Andrews, spoke on behalf of saving Bayview Hunter's Point community. She indicated

that she has not been in this City for as long as most of her peers but she has come to understand how important this project is to many people that currently live in the Bayview area. She has learned that a lot of people depend on this project's success and hoped that someone will notice their goals and help to achieve them. She requested the Commission to consider how important this project is to the people who live in that community.

Melinda Kuoch, Mission District, supports the living classroom project because she believes it is important to the youth and the community. It allows more youths the chance to learn more about water quality, toxins and other issues related to their health. She believes that the best way to teach youths about restoration and environmental science is in a place like Heron's Head Park. She has been working at LEJ and has learned a lot. They have taken them to Heron's Head Park to learn more about restored areas. Now she knows a lot about birds. Heron's Head Park is a beautiful area and she supports the living classroom being built there.

Lillian Largaespada, Bayview resident, supports the living classroom project. It serves as a possible recreational space for the youths and it also provides their community environmental awareness. She supports it because she has met specialists working out there who collect data and evidence to make sure the park is safe.

Luz Ibarra, lives and works in the Bayview Hunter's Point community, stated that Hunter's Point is a neglected community in San Francisco with very few open spaces and recreation centers. The living classroom is a much-needed facility in the community. She's worked in the South Basin and she can compare the results to a place that is toxic. Heron's Head Park is a beautifully restored wetland. She assured the Commission that proper precautions have been taken to ensure that this is a safe environment contrary to popular rumor that it is radioactive. At best, this is going to be a great educational resource that will benefit the youths of this neighborhood. It will give the community access to a safe meeting space as well as increased access to the beautiful Heron's Head Park. She implored the Commission to support the living classroom in its entirety.

Shoshannah Bramlett, an Overland College student majoring in environmental studies and an EPA intern at LEJ, indicated that at Overland they have a building similar to the one intended to be built at Heron's Head Park where they have onsite wastewater treatment. The building is completely off the grid. It is a building that allows not only the Overland students but also the community to come in and learn how to develop living and office spaces for the future better sustainable that allows students to learn not just to be in a place but learn from the place that they are in. It's a very important building to go through with in the plans especially in this community where environmental education is extremely important because it helps kids to come out of the inner city and to learn how to be better citizens both in San Francisco and wherever they may go. She implored the Commission to grant them the lease.

Youth Commissioner Phillip Powell, member of the S.F. Youth Commission appointed by Supervisor Maxwell to represent District 10 the Bayview Hunter's Point/Potrero Hill community, supports the living classroom project. The living classroom will be accessible to many members of the Bayview Hunter's Point community. There is a need for a safe space and this will help to provide a space. The living classroom will have other functions that will be rewarding to the Bayview Hunter's Point community. There were hundreds of cards of support that were signed by many members of the Bayview Hunter's Point community and around the City of San Francisco. He does not sign onto anything unless he is sure that it is safe. He

supports this project in full totality. He asked the Commission to support this project as well.

Elizabeth Ibarra, Bayview/Hunter's Point, supports the living classroom because she feels that it is very important that the youth, especially in the Bayview Hunter's Point district, becomes aware that the way they are living is not very sustainable. This building is fundamental to the education that is needed to support sustainability in their neighborhood. She thinks that it is one of the first steps that should be taken to end environmental discrimination because the Bayview Hunter's Point District is extremely neglected and they do not have any space that all youths should be entitled to. Heron's Head Park has been beautifully restored. The findings show that it is not toxic and the children will not go home and glow in the dark or sprout new limbs. Should any of the results prove them wrong, the living classroom can be moved to a different location. Should they be right in their findings, they believe that it is safe enough to have this project built there. She fully supports it and she hopes that the Commission will take into consideration that they have the tests and will continue to do the test. Even though it is so close to the power plant, the effects are far better than for the worse.

John Solomon, LEJ/Noe Valley, believes that the living classroom is a good idea because it should be in the forefront of ecological building in San Francisco. It should be there for self-sustaining. The City should set an example to other cities that it is in the forefront of ecological building and is moving forward with this environmental friendly building.

David Kubrin, PhD., James Denman Middle School, supports the living classroom in two capacities. First, as a resident of the Mission District, there are not a lot of places to go for a walk within distance of his house. Since he's learned about Heron's Head Park, he finds it a wonderful place to visit, as it is beautiful beyond belief. Secondly, as a Science teacher in the Excelsior District, the two topics most of his students seemed to be most engaged in are sex education and the environment. The former is self-explanatory. As an environmental activist, he often gets filled with despair of the future of the environment or lack of it that is delivered to the youth. His pessimism is nothing compared to what he reads in the students' journals. They write that there will be no trees and the oceans will dry up; they're horrific images. It is wonderful to be able to bring his students to Heron's Head Park as some of the students have never seen the ocean. Some of the students have never been to the zoo. It is wonderful to be able to bring the students to a wild place, to show them the wildlife, to talk about the bay, to learn about bio-remediation, the way the plants in wetlands are specifically designed to detoxify the environment because of their unique biologies and to see their glee when they are out of the classroom. Two years ago, he brought his students to Heron's Head Park. When they returned to school, they discussed ways to help in relationship to the issues at the park. The students decided, to his surprise and delight, to build nesting boxes for the birds. They built 15 nesting boxes and put them in various parts throughout the city, not just Heron's Head but other places as well since some of the boxes were specific to other types of birds. It was delightful to see the students engaged into and be able to see that the environment was not all bleak and filled with despair. He hoped that in a year or two he will be able to bring his students to a wetland with a wonderful living classroom. He thanked the Commission for their past and continued support of the project.

Andrew Bozeman, Bayview Hunter's Point, commented that after listening to all the testimony about this project, people are talking about two different issues. One, despite Mr. Da Costa's apparent anger, he was not against the concept of a living classroom. He created such a classroom in the Presidio. He created a nursery to restore the natural plants. In terms of his

movement or desire to see the living classroom stopped, he wants the classroom moved to a different location and not stopped. They are not against the concept contrary to the children's remarks. It is a beautiful idea and one that is definitely needed in Bayview Hunter's Point. The problem is the location. It is located next to a PG&E plant which was shut down but will again be back in operation. PG&E has received permission because of air quality credit to dump another 80,000 tons of particulates and pollution back into the air, directly over Heron's Head Park. People do fish in the area but they are working with the Dept. of the Environment to create a communications campaign to inform people to stop eating the fish in the bay because it is dangerous to their health. There were problems with Port landfill especially around Pier 92 to 96. They have experienced landfill issues at the Naval Shipyard where the landfill which was capped caught fire and fire still pops up because of the methane. They are asking to work together and find another place for the classroom. When PG&E turns the plant back on, all the wonderful birds and all the pristine life are going to disappear. It will be a bad place to be. Bayview Hunter's Point has the highest rate of asthma in the City, where emergency room visits are higher than anywhere else in the Bay Area. The children will be directly in the line of fire if the living classroom is built at that location. They are working to stop it but if it doesn't get stopped, they will be in trouble.

Commissioner Alioto-Pier asked if Mr. Bozeman's complaint is with the PG&E plant or with the land for the proposed site. She asked if the PG&E plant were not to go back on line, would they be against the project. Mr. Bozeman replied that his concern was what the testing will alleviate. Landfill now is highly regulated. When that landfill was created, it was not. They have discovered that the landfill that was created before the 70's and 80's is breaking down and creating toxic mess. This is happening not only in San Francisco but in other parts of the country as well. If it was landfill created in recent times, there will be no problem because the technology now is such that the nasty things that are in landfill are not being put back in. He was concerned about what landfill will do since he has seen what happened at Piers 90/96 and at the Naval Shipyard.

Legal Counsel Noreen Ambrose reminded the Commission that this item is for public comment only. Since this item is not on the agenda, the Commission cannot engage in a dialog with the public.

Sraddha Mehta, Environmental Justice Grant Program Manager at the Dept. of the Environment, indicated that the department funded the living classroom project. She stated that the department would not fund or support a project that would endanger the lives of the youth. She has been moved by the testimony from the youth. The children see many negative things in the Bayview neighborhood on a daily basis. It is important for the youth to have something positive in their lives to look forward to.

Sophia Mak indicated that although she does not live in the Bayview Hunter's Point area, she supports the living classroom project because it is a place where they can connect and be involved with the community.

Executive Director Wong commented that this is a spectacular project. He hoped that the new Commissioners would get a chance to look at the park and the beautiful design of the living classroom. Throughout the years, the Port provided over \$2.5 million grant money to the Heron's Head Park project. Port staff has been working with LEJ on the living classroom project. He was also concerned about the two speakers' comments but staff has a lot of

documents and data on this project. The Port would not have taken a toxic dump and made it into a beautiful park. Even in these difficult economic times, LEJ was able to secure the \$850,000 grant to do this project. They have a timeframe to meet. It is time for the Port to step in and help the kids out and resolve the issues. He asked Mr. Da Costa to get in touch with Port staff to address his concerns.

Commissioner Bierman thanked the executive director for his comments. She took a tour of the site while she was on the Board of Supervisors and was convinced that it is a perfect place for a living classroom. She thanked Port staff for helping out.

Commissioner Hardeman thanked all the kids for taking their time and voicing their opinions to the Commission. He thought it was wonderful for the young people to use their democracy, as they will some day run this country. Our future is in great hands.

9. EXECUTIVE SESSION

ACTION: Commissioner Brandon moved approval to convene in executive session; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 6:50 p.m., the Commission withdrew to executive session to discuss the following:

CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion Items)

- a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (3 cases):

- F. Alioto Company, Inc. et al. v. City & County of San Francisco, et al., Superior Court Petition CPF 03-503016. (Discussion Item)
- Claim of SeaRiver Maritime, Inc., San Francisco Claim No. 03-01694, filed November 22, 2002. (Discussion and Action Item)

Discussion and approval of proposed settlement of administrative claim seeking \$73,300.20 for tugboat damage and related costs when Drydock #1 parted from its moorings during a storm on November 7, 2002. Proposed settlement for payment of \$68,300 in exchange for claimant's full release and dismissal of all claims against the Port.

- Paul D. Roger v. Alex Lee, City and County of San Francisco dba Port of San Francisco, et al. (U.S. District Court, N.D.Ca. C025956 CJS), filed December 27, 2002. (Discussion Item)
- b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Defendant and As Plaintiff)

- (2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Pier 94
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Hanson Aggregates: Bill Butler
- b. Property: Piers 19/23
Person Negotiating: Port: Peter Dailey, Director of Maritime
*Big C Traders: Raymond Lynch
- c. Property: Pier 80
Person Negotiating: Port: Peter Dailey, Maritime Director
*Marine Terminals Corporation: Ken Passe
- d. Property: Taylor Street
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Sabella & LaTorre Seafoods: Greg Dyer
- e. Property: Pier 96
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Sanitary Fill Company: Maurice Quillen
- f. Property: 160 Jefferson Street
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Boudin Properties Inc.: Lou Giraudo
- g. Property: Seawall Lot 349
Person Negotiating: Port: Ken Winters, Director of Real Estate
*PUC: Ed Smeloff
- h. Property: Fisherman's Wharf Inner Harbor
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Fisherman's Wharf Inner Harbor Restaurant Tenants: Various Tenants

10. RECONVENE IN OPEN SESSION

At 10:48 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hsu moved approval to adjourn executive session and reconvene in open session. Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Hsu moved approval of settlement of Claim of SeaRiver Maritime, Inc. San Francisco Claim No. 03-01694 for payment of \$68,300 in exchange for claimant's full release and dismissal of all claims against the Port. Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Hsu moved approval to not disclose any other information discussed in executive session. Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

11. ADJOURNMENT

ACTION: Commissioner Hsu moved approval to adjourn the meeting. Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 10:50 p.m.

SAN FRANCISCO PORT COMMISSION

PLEASE NOTE THE TIME & LOCATION OF THE MEETING.

REGULAR MEETING

3:00 P.M., TUESDAY, AUGUST 12, 2003

**PORT COMMISSION HEARING ROOM, 2ND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111**

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

AGENDA

DOCUMENTS DEPT.

1. ROLL CALL

AUG - 8 2003

2. APPROVAL OF MINUTES - July 16, 2003 Special Meeting

SAN FRANCISCO
PUBLIC LIBRARY

3. EXECUTIVE

A. Executive Director's Report

4. REAL ESTATE

A. Request for authorization to enter into lease with Sitting By Inc., dba Hivive, Lease No. L-13516 for the renovation and operation of a restaurant at Pier 28½. (Resolution No. 03-56)

B. Request for approval of assumption and assignment agreement with Sabella & LaTorre. (Resolution 03-57)

5. ADMINISTRATIVE SERVICES

A. Request for approval of Rate Increase for Port Parking Meters. (Resolution No. 03-46)

6. ENGINEERING & MAINTENANCE

A. Request for authorization to award Construction Contract Pier 24 Demolition Project, Contract No. 2682, to Zaccor Companies Inc. (Resolution No. 03-55)

7. PLANNING & DEVELOPMENT

A. Request for approval of concept design for the Brannan Street Wharf Open Space Project. (Resolution No. 03-58)

8. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

9. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Piers 19/23
Person Negotiating: Port: Douglas F. Wong, Executive Director
*Big C Traders: Raymond Lynch

Under Negotiation: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 19/23.

- b. Property: Pier 96
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Sanitary Fill Company: Maurice Quillen

Under Negotiation: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 96.

- c. Property: Pier 45 Shed D
Person Negotiating: Port: Ken Winters, Director of Real Estate
North Coast Fisheries, Inc.: Mike Lucas

Under Negotiation: ____ Price ____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 45 Shed D.

- d. Property: Pier 9
Person Negotiating: Port: Ken Winters, Director of Real Estate

*Pacific Marine Yachts: Garrett O'Doherty

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

10. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12
- B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

AUGUST/SEPTEMBER 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
August 12	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
August 26	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
September 9	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
September 23	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. Effective June 24, 2003, the Port Commission meetings will be held in the Port Commission Hearing Room located on the second floor of the Ferry Building. Contact Amy Quesada at 274-0406. *The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.*

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 - 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at www.sfport.com.

ACCESSIBLE MEETING INFORMATION

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
- C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. and Drumm St.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact Nita Mizushima, Chief Harbor Engineer, at 274-0559. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine.htm>

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

August 12, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier, Commissioner
Hon. Sue Bierman, Commissioner
Hon. Wilfred Hsu, Commissioner

FROM: Douglas F. Wong *DFW*
Executive Director

SUBJECT: Authorization to Enter into Lease with Sitting By Inc., d.b.a. Hidive, Lease Number L-13516 for the Renovation and Operation of a Restaurant at Pier 28½.

DIRECTOR'S RECOMMENDATION: APPROVE LEASE WITH SITTY BY INC., DBA HIDIVE, L-13516 FOR THE RENOVATION AND OPERATION OF THE RESTAURANT AT PIER 28 1/2.

BACKGROUND

On August 27, 2002, the Port issued a Request for Proposals ("RFP") for the Restaurant Development Opportunity at Pier 28½. In this RFP, the Port solicited proposals from qualified Respondents ("Respondents") for the rehabilitation of a restaurant (the "Site") located at Pier 28½.

The Port stated in the RFP that it would select a qualified Respondent that has the demonstrated ability to finance, design, construct, and operate a restaurant on the Site, with the goal of negotiating a lease and related documents for the development and lease of the Site. The RFP further stated that the Commission intends to select a Respondent that can successfully create a restaurant that provides the surrounding neighborhood and businesses with an affordable, high quality dining choice and activate and enliven the neighborhood.

Port staff reviewed the RFP submittals with input from a representative of HRC. Staff analyzed the Respondent's proposals against the criteria detailed in the RFP and selected Sitting By, Inc. d.b.a. Hidive as the highest scoring candidate (formally known as John Cain, d.b.a. Teamworks). Hidive intends to operate a casual dinning Restaurant featuring traditional San Francisco-style fare including local entertainment with an emphasis on Jazz music.

THIS PRINT COVERS CALENDAR ITEM NO. 4A

EXCLUSIVE NEGOTIATIONS

On March 25, 2003 the Port Commission authorized Port staff to enter into an Exclusive Right to Negotiate as provided in the RFP, with Sitting By Inc. d.b.a Hivive, pursuant to Port Commission Resolution No. 03-21.

PROPOSED RENT AND KEY LEASE TERMS

Pursuant to the Exclusive Right to Negotiate Port staff has negotiated a Lease, L-13516 with Sitting By, Inc. d.b.a. Hivive that includes the following terms and conditions.

Premises

Approximately 1,937 square feet located at Pier 28 ½ (formerly, the "Boondocks" restaurant).

Term

The term of the lease will be 9 years and eleven months.

Commencement Date

The Lease will commence upon the Tenant's satisfaction of the following conditions:

1. The Port's Executive Director, or his designee has approved final Construction Plans for the proposed Tenant Improvements.
2. The Developer shall have furnished evidence of insurance or duplicate originals of insurance policies as required by the Lease.
3. The Port Building Department shall have issued building permits for the Tenant Improvements.
4. BCDC and all other regulatory agencies whose approval is required for construction of the Tenant Improvements shall have issued all Regulatory Approvals required for construction of the Tenant Improvements.
5. The Port shall have approved the submissions the Tenant is required to make in accordance with the First Source Hiring Agreement and the Health Care Accountability Ordinance.
6. Tenant shall have executed and delivered to the Port a certification of compliance with San Francisco Administrative Code Chapters 12B and 12C on the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101), together with supporting documentation, and shall have secured approval of the form by the City's Human Rights Commission, as required by Section 29.1(d).

The Lease will be void if the commencement date does not occur before March 31, 2004.

Use

The Premises must be used only for the operation of a Full Service Restaurant (as defined below) and dancing and live entertainment related thereto. "Full Service Restaurant" means a restaurant where food is prepared to customers' orders and all food and beverages are ordered and served to customers for consumption on the Premises. As an accessory to the Full Service Restaurant, the sale of food and beverages for take-out and the sale of in-house signature items are permitted but must remain ancillary to the Full Service Restaurant use.

Rent Commencement Date

The Rent Commencement Date will be the earlier of the date that is 120 days after the Commencement Date, or the date of issuance to Tenant of a Certificate of Occupancy or Conditional Certificate of Occupancy for the Premises as improved by the Tenant Improvements. The Port Director may delay the Rent Commencement Date by a reasonable period (but no more than an additional one hundred eighty (180) days), if completion of the required Tenant Improvements is delayed solely due to events primarily beyond Tenant's control.

Base Rent

The minimum base monthly rental rate will commence at \$1.75 per square foot or \$3,389.75 per month and will be adjusted annually by CPI. The base rent is comparable to market rates for similarly situated restaurants on San Francisco waterfront of comparable class, size and use.

Percentage Rent

The Percentage Rent payable to the Port on gross receipts for all sales originating from the Premises, including food, beverages and merchandise, will be 6½% for the first year and will be adjusted to 7% for years two through the end of the term. The percentage rent rate is comparable or exceeds market rates for similarly situated restaurants on San Francisco waterfront of comparable class, size and use.

Security Deposit

Two months minimum rent equal to \$6,780.

Tenant Improvements

Hidive has submitted a proposed Tenant Improvement budget in the amount of \$93,694. The cost of improvements include 20% toward ADA compliance upgrades such as an ADA electric door opener, ADA upgraded bathrooms, and accessible work station. Additionally, Hidive will paint the interior and exterior of the building, level the restaurant floor, upgrade the electrical service, and re-fixturize the kitchen and bar areas.

Maintenance/Repairs

During the term of the lease, the Tenant shall be responsible for all improvements, maintenance, repairs and operating expenses associated with the Site. The Tenant will be responsible for an initial substructure repair as described below. Following this repair neither the Port nor Tenant will be responsible for the substructure.

Tenant must perform certain minor pier substructure repairs identified by the Port's building inspection department. No later than the first Anniversary Date of the Commencement Date, Tenant will provide Port with a work plan for Port's approval, setting forth in reasonable detail, the scope of work to be performed. Within sixty (60) days after Port's written approval of Tenant's proposed work plan, Tenant shall submit a building permit application to perform such work. Tenant shall commence the approved Pier Substructure Work within thirty (30) days after approval of its building permit, and shall diligently prosecute such work to completion in a timely manner, but in no event later than one hundred eighty (180) days after the issuance of a building permit approving such work. Tenant's failure to comply will be considered an event of default under the Lease.

As Is Condition

Tenant will be required to accept the Premises in an "As-Is" condition with all faults, and as being suitable for the conduct of Tenant's business. If during the Term, the condition of the Pier Substructure would prohibit or materially adversely interfere with Tenant's ability to use the Premises for the uses permitted under this Lease due to any reason other than Tenant's negligence or wilful misconduct, Tenant's sole remedy will be to terminate the Lease upon thirty (30) days' written notice to Port, at no expense or liability to Port.

Assignment and Subletting

Tenant may assign or sublease the Premises subject to Port's prior written consent, not to be unreasonably withheld. It shall be deemed a reasonable condition to Port's consent to an assignment of Tenant's entire interest in the Lease to require Port Commission approval of an amendment to the Base Rent provision of the Lease, adjusting the rent upward to the greater of: (i) Base Rent adjusted to Fair Market Rental Value in accordance with an appraisal procedures set forth in the Lease, or (ii) monthly Base Rent adjusted to Seventy Five percent (75%) of the average Percentage Rent due under this Lease for the preceding two (2) year period. In no event shall the Base Rent be adjusted lower than the Base Rent in effect at the time of the assignment.

Termination by Port

The Port has the right to terminate this Lease with 90 days notice if the Premises are needed in connection with a Port program or project such as the Cruise Ship Terminal. Port will have no

responsibility for paying any moving or relocation expense or other expense incurred by Tenant due to any termination allowed under the Lease.

City Requirements

The Lease is subject to all applicable City Requirements, including Card Check, Health Care Accountability Ordinance, First Source Hiring, and Non-Discrimination.

Good Neighbor Policies.

The Tenant is also required to comply with the "Good Neighbor" standards adopted as part of the Waterfront Plan. These "Good Neighbor" standards apply to bars, restaurants which sell alcohol, large fast food restaurants, and assembly and entertainment uses on Pier 26, 28, and Seawall Lot 328, unless the Port Commission makes a specific finding that a particular condition is unnecessary or infeasible. These policies include the following:

(a) Any indoor and/or outdoor activity located within 300 feet of a residential unit shall, during the period from 10:00 p.m. to 6:00 a.m., ensure that sound levels emanating from such activities do not exceed the acceptable noise levels established by the San Francisco Noise Ordinance. Police Code, Article 29.

(b) The tenant shall post interior signs and request that patrons leaving the premises after 10:00 p.m. leave the establishment and the neighborhood in a quiet, peaceful and orderly fashion and not litter or block driveways in the neighborhood. The tenant shall alert the San Francisco Police Department if exiting patrons are causing a disturbance.

(c) All garbage receptacles shall be enclosed and no garbage shall be put on the sidewalk for collection, except as permitted by Article 5.1 of the Public Works Code.

(d) The tenant shall keep sidewalks fronting the premises clean of debris and litter and shall walk a 100 ft. radius from the premises sometime between thirty minutes after closing and 8:00 a.m. the following morning to pick up and dispose of any discarded trash left by area patrons.

(e) The tenant shall designate a neighborhood liaison contact person whose name and phone number shall be made available to the Port and to neighborhood associations in the area."

STAFF RECOMMENDATION

Staff recommends that the Port Commission approve Lease number L-13516 with Sitting By, Inc. d.b.a. Hidive for the operation of the restaurant site at Pier 28½.

Prepared by: Jeffrey A. Bauer, Senior Commercial Leasing Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-56

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and
- WHEREAS, under Charter Section B3.581(g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, on August 27, 2002, the Port issued a Request for Proposals for the Restaurant Development Opportunity at Pier 28½; and
- WHEREAS, Sitting By Inc. d.b.a. Hidive (formally John Cain, d.b.a Teamworks) submitted responses to the RFP on November 7, 2002, which complied with the submittal requirements stated in the RFP and which have been reviewed and evaluated by Port staff, with input from a representative of the HRC; and
- WHEREAS, based on this review, Port staff has recommended that the Port Commission enter into exclusive negotiations with Sitting By, d.b.a. Hidive; and
- WHEREAS, the Port Commission authorized an Exclusive Right to Negotiate on March 25, 2003 pursuant to Commission Resolution 03-21, and now, therefore, be it
- RESOLVED, that this Commission hereby authorizes the Executive Director of the Port, or his designee, to execute a Lease with Sitting By, Inc. d.b.a. Hidive for the operation of a Restaurant at Pier 28.5, on the terms set forth in the memorandum to Port Commission dated August 12, 2003, for Item No. 4A in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 12, 2003.

Secretary



MEMORANDUM

August 12, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier, Commissioner
Hon. Sue Bierman, Commissioner
Hon. Wilfred Hsu, Commissioner

FROM: Douglas F. Wong
Executive Director 

SUBJECT: Request for Authorization to Approve Assumption and Assignment Agreement for Sabella & LaTorre Seafoods.

DIRECTOR'S RECOMMENDATION: Approve Assumption and Assignment Agreement for Sabella & LaTorre Seafoods.

BACKGROUND:

On May 1, 1970, Frank Sabella, Michael Sabella and Louis LaTorre, dba Sabella & LaTorre Seafoods, a co-partnership, jointly and severally and Port entered into a 66 year written lease (L-7499) for a restaurant located at 2809 Taylor Street (Pier 49) in San Francisco, California. The lease was later assigned, with consent of Port, to Frank L. Sabella, Frank Raymond Sabella and Thomas LaTorre.

As the result of the transfer of interests of some of the partners of Assignor's predecessor in interest, Sabella and LaTorre Seafoods is currently comprised of Frank L. Sabella, Frank Raymond Sabella and Thomas LaTorre.

TERMS AND CONDITIONS:

Frank Raymond Sabella desires to assign all of his right, title and interest in the Lease to Frank L. Sabella and Thomas LaTorre, dba Sabella & LaTorre Seafoods. Frank L. Sabella and Thomas LaTorre will each have a fifty percent share in Sabella & LaTorre Seafoods.

This Print Covers Calendar Item No. **4B**

The lease assignment is expressly authorized in the Lease and the Port shall not unreasonably withhold its consent to transfers of partial leasehold interests.

The proposed Assumption and Assignment does not release Frank Raymond Sabella from his personal liability to uphold terms and conditions of the lease.

STAFF RECOMMENDATION:

Staff recommends that the Port Commission approve the Assumption and Assignment Agreement for Sabella & LaTorre.

Prepared by: Richard A. Rovetti, Commercial Leasing Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-57

- WHEREAS,** Section B3.581 of the Charter of the City and County of San Francisco empowers the San Francisco Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port Jurisdiction; and
- WHEREAS,** On May 1, 1970, Frank Sabella, Michael Sabella and Louis LaTorre dba Sabella & LaTorre Seafoods, a co-partnership, jointly and severally and Port entered into a 66 year written lease (L-7499) for a restaurant located at 2809 Taylor Street (Pier 49) in San Francisco, California; and
- WHEREAS,** As the result of the transfer of interests of some of the partners of Assignor's predecessor in interest, Sabella and LaTorre Seafoods is currently comprised of Frank L. Sabella, Frank Raymond Sabella and Thomas LaTorre; and
- WHEREAS,** Frank Raymond Sabella, tenant under Port Lease No. L-7499, desires to assign all of his right, title and interest in the Lease to Frank L. Sabella and Thomas LaTorre equally; and
- WHEREAS,** The proposed assignment does not release Frank Raymond Sabella from his personal liability to uphold terms of the lease; and
- WHEREAS,** Tenant's lease provides that Port shall not unreasonably withhold its consent to transfers of partial leasehold interests; and
- WHEREAS,** Port staff has reviewed and approved as to form the proposed assignment and sublease documents on terms and conditions consistent with those outlined in the Memorandum to the Port Commission for Agenda Item 6A of the Port Commission meeting on June 24, 2003, a copy of which assignment and sublease was available for public inspection with the Port Commission Secretary; now therefore be it
- RESOLVED,** that the San Francisco Port Commission hereby approves the Assumption and Assignment Agreement to Lease No. L-7499 on the terms and conditions contained therein and as outlined in the Memorandum to the Port Commission on August 12, 2003 in substantially such form of such Assumption and Assignment Agreement to Lease No. L-7499 on file with the Port Commission Secretary; and be it further
- RESOLVED,** that the Port Commission authorizes and directs the Port Executive Director, to consent to the Assumption and Assignment Agreement to Lease No. L-7499 in such form as may be approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 12, 2003.

Secretary



MEMORANDUM

August 12, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong 
Executive Director

SUBJECT: Approval of Rate Increase for Port Parking Meters

DIRECTOR'S RECOMMENDATION: APPROVE ATTACHED RESOLUTION INCREASING PORT PARKING METER RATES.

BACKGROUND:

The Port Harbor Traffic Code, Article 10, Sec. 82 established that the denomination of the coin or coins that shall be deposited in the parking meters, the parking time allowed following deposit of such coins, and the hours during which such deposits are required, shall be fixed from time to time by resolution of the Commission for the area or areas in which parking meters are now or may hereafter be installed and shall be such as will best promote efficiency and safety in the use of the area under the control and jurisdiction of the Commission.

On April 15, 2003, the Board of Supervisors (Board) passed Ordinance No. 71-03 approving hourly parking meter rates across the City as shown in the table below.

Area	Old Rate	New Rate	Change
(1) Downtown	\$1.50	\$2.00	\$0.50
(2) Downtown Periphery	\$1.00	\$1.50	\$0.50
(3) All other areas	\$0.50	\$1.00	\$0.50
(4) Fisherman's Wharf	\$1.00	\$1.50	\$0.50

On July 16, 2003, staff presented to you a request to increase the Port's parking meter rate from \$1.00/hr to \$1.50/hr. Staff also informed you that the Department of Parking and Traffic (DPT) has already implemented the rate increases throughout the City including areas adjacent to the Port.

This Print Covers Calendar Item No. 5A

However, you requested staff to research:

- 1) Raising the parking fee to \$1.75/hr. or to \$2/hr. instead of \$1.50/hr.
- 2) Extending the hours of operation from 7:00 PM to 9:00 PM.

Port staff has researched your request and concluded that the Port should charge the same rate as in Area One (Downtown Core). Staff also concluded that it is not cost effective to extend the hours of operation up to 9:00 PM. According to DPT, it will cost the Port approximately \$263,000 in additional enforcement costs (see enclosed letter from DPT).

Port staff proposes a \$2/hr. rate for parking meters in all areas under the control and jurisdiction of the Port Commission. This rate is comparable to the Board approved rate for the downtown area as shown in the table below.

	Old Rate	New Rate	Increase
City (Downtown)	\$1.50	\$2.00	\$0.50
Port (All areas)	\$1.00	\$2.00	\$1.00

Currently, the Port has 756 parking meters in the areas under the Commission's jurisdiction. Port staff estimates that implementation of the new rates will cost approximately \$2,000 for three electronic communicator and 756 replacement plates. Port staff also estimates that the new rate will generate approximately \$500,000 additional revenues annually.

RECOMMENDATION:

Port staff recommends that the Port Commission approve the resolution to increase the parking meter rates charged in the area under the control and jurisdiction of the Port.

Attachments

Prepared by: Chudi Chuba, Finance Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-46

AMEND AUTO PARKING METER RATES

- WHEREAS, Pursuant to the Port Harbor Traffic Code provides, Article 10, Sec. 82 which established that the Port Commission has jurisdiction over the parking meter rates within the port area; and
- WHEREAS, The Board of Supervisors passed Ordinance No. 71-03 on April 15, 2003, approving parking meter rates effective April 18, 2003; and
- WHEREAS, Port wants to charge comparable rates to the rates approved by the Board of Supervisors; and
- WHEREAS, Port Commission staff has determined that charging comparable rates will generate additional revenues; therefore, be it
- RESOLVED, That the Port Commission hereby approves the increase of Port parking meter rates from \$1.00 per hour to \$2.00 per hour, 7:00 AM to 7:00 PM, Monday through Sunday, including Holidays, effective September 1, 2003.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 12, 2003.

Secretary

City and County of San Francisco



LEWIS BROWN, JR., Mayor
D. R. NORMAN, EXECUTIVE DIRECTOR

To: Andres Acevedo, Financial Analyst, Port of San Francisco
From: Julia Dawson, Deputy Director, Administration and Finance
Through: Gerald R. Norman, Executive Director
Date: July 25, 2003
Re: Questions about Parking Meters and Enforcement Deployment

This memorandum provides answers to a variety of meter and enforcement questions you have asked the Department of Parking and Traffic

1. If the Port extended the operating hours of its meters until 9:00 p.m., what would be the cost of Enforcement?

Currently, Parking and Traffic is providing the Port with 2.5 full time parking control officers to cover two parking meter enforcement beats. The Port meters operate twelve hours per day. If the Port adds two hours to the operational day, Parking and Traffic will need to divide the two parking meter beats into two shifts of 8 hours. Using our current billing model with the Port, it would cost the Port approximately \$263,000 in additional enforcement costs. You will find the detailed cost estimate sheets for the current and proposed services as attachments to this memo.

2. What is the geographic location of the enforcement beats?

Parking and Traffic has enclosed copies of the three maps that outline the two enforcement meter beats on Port property.

3. What type of studies or assessment did Parking and Traffic perform to decide on the new rates for the parking meters?

Parking and Traffic considered a variety of factors in the decision to raise the parking meter rates. Parking meter rates had not been raised since 1992 in Area Two (Ring around Downtown), Area Three (Neighborhood Commercial Districts) and Area Four (Fishermans' Wharf) while rates in Area One (Downtown Core) had not been increased since 1988. Demand for on-street parking spaces is relatively inelastic as long as the cost to park on street is not considerably higher than the cost to park in an off-street lot. While parking meters are used to encourage short-term parking and discourage parking in the downtown core by using short parking limit times of half an hour, meters are also an important element in promoting local business activity in commercial districts. In choosing to increase all rates by \$0.50 cents an hour, Parking and Traffic wanted to

Memo to Port, Parking Meters and Enforcement

Page 2

maintain the tiered rate structure while bringing parking meter rates in-line with the rates currently being charged at the City's off-street parking lots.

4. What are the risks in selecting a parking rate that is higher than the surrounding area or hours of operation that are longer than the City's existing meters?

If the Port chooses to raise its rates higher than the City meter rates in adjacent areas, it may lose revenue as drivers will choose to park at meters which have lower rates. In addition, all City meters rates currently stop operating at 6:00 p.m., except in some metered lots in outlying commercial districts. Drivers will most likely choose to search for a free space if they are available on adjacent blocks. As a result, an increase in operating hours or rates may not result in as much additional revenue as anticipated.

5. Do any parking meters accept \$1.00 bills?

Parking and Traffic does not know of any single space parking meter that accepts \$1.00 bills. Some pay and display parking control devices accept \$1.00 bills. The use of these devices, however, would require an officer to walk the beat rather than enforce the meters from a vehicle. Given the distances involved in enforcing meters along the Port's two beats, using this type of device would require adding enforcement officers and result in higher enforcement costs.

6. What would it cost the Port to replace its meters with devices that would be compatible with the other City meters and could use the Translink card for payment of parking time?

Parking and Traffic has purchased electronic single and multi-bay parking meters that are protected with an electro-mechanical vault lock. Both of these meters types will have the ability to accept the Translink card as a method of payment for parking time. A new single-space meter, including case, and electromechanical lock, cost \$709.52 each. A new multi-bay meter costs \$4,598.10 for a device that controls 6 spaces and \$4,944.48 for a device that controls 8 spaces. If the Port decided to purchase either device, it would also need to buy some related equipment, such as handheld data terminals, spare cash boxes, and other related supplies.

The Port could also choose to replace only the single-space mechanisms because these devices could fit within the Port's existing meter housings. The price for the single-space meter mechanism is \$431.74 each. A decision to purchase the meter mechanism only would make collecting the data for card transactions and audits more complex. The meters and the electromechanical locks share data automatically, making it possible for Parking and Traffic to gather data for card transactions and coin totals at the time that meter collectors remove coins from the meter vault. Without this meter-lock interface, data on card transactions and coin totals would need to be collected at a different time through an interface through the card slot. It might be possible for the Port's housings to be retrofit with an electromechanical lock, but this solution would require consultation and negotiation with the Contractor that is providing the equipment.

Key	OT	\$21,406	\$32,232	\$38,500	\$50,999
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	Class	PCO's	Hours	Rate	# days	Total	% time	Overhead		Sub-Total	Sub-Total	Fringe Benefits					Total
								Sub-Total	22.50%			FICA 7.65%	Unemp 0.170%	Health/Hr 1.2342	Depend Health 1.1735	Dental/Hr 0.5351	
Mon - Sat	8214	2.50	8	21.4878	313	134,513	100%	134,513	30,265	169,722	12,984	289	7,726	7,346	3,350	201,416	
	8216	2.00	8	25.6666	313	128,538	25%	32,135	7,230	40,546	3,102	69	1,545	1,469	670	47,401	
	8219	1.00	8	33.9991	313	85,134	10%	8,513	1,916	10,742	822	18	309	294	134	12,319	
Sunday	8214	2.00	8	21.4878	52	17,878	100%	17,878	4,023	22,557	1,726	38	1,027	976	445	26,770	
	8216	1.00	8	25.6666	52	10,677	25%	2,659	601	3,368	258	6	128	122	56	3,937	
	8219	1.00	8	33.9991	52	14,144	10%	1,414	318	1,785	137	3	51	49	22	2,047	
Holidays	8214	2.00	8	32.2316	11	5,673	100%	5,673	1,276	7,158	548	12				7,717	
	8216	1.00	8	38.4999	11	3,388	25%	847	191	1,069	82	2				1,152	
	8219	1.00	8	50.9987	11	4,488	10%	449	101	566	43	1				611	
July 4th	8214	8.00	8	32.2316	1	2,063	100%			0							
	8216	8.00	8	38.4999	1	2,464	100%	2,053	464	2,603	199	4				2,806	
	8219	1.00	8	50.99869	1	408	10%	2,464	554	3,109	238	5				3,352	
Sub-total			88		1,130	408,960		208,659	46,948	263,275	20,141	448	10,787	10,256	4,677	309,584	
												Vehicle Maintenance and Fuel Total					10,299
Operating Fund Transfer Request For Fiscal Year 2003-04:																	
\$ 319,883																	

Julia Dawson, Deputy Director
Department of Parking and Traffic

Date

Port of San Francisco

Date

Class	PCO's	Hours	Rate	# days	Total	% time	Overhead		Sub-Total	Fringe Benefits					Total	
							Sub-Total	22.50%		FICA	Unemp	Health/Hr	Depend Health	Dental/Hr		
Mon - Sat	8214	5.00	8	21.4878	313	269,027	100%	269,027	60,531	339,444	25,967	577	15,452	14,692	6,699	402,833
	8216	2.00	8	25.6668	313	128,538	25%	32,135	7,230	40,546	3,102	69	1,545	1,469	670	47,401
	8219	1.00	8	33.9991	313	85,134	10%	8,513	1,916	10,742	822	18	309	294	134	12,319
Sunday	8214	5.00	8	21.4878	52	44,695	100%	44,695	10,056	56,393	4,314	96	2,567	2,441	1,113	66,924
	8216	1.00	8	25.6666	52	10,677	25%	2,669	601	3,368	258	6	128	122	56	3,937
	8219	1.00	8	33.9991	52	14,144	10%	1,414	318	1,785	137	3	51	49	22	2,047
Holidays	8214	5.00	8	32.2316	11	14,182	100%	14,182	3,191	17,894	1,369	30				19,293
	8216	1.00	8	38.4999	11	3,388	25%	847	191	1,069	82	2				1,152
	8219	1.00	8	50.9987	11	4,488	10%	449	101	566	43	1				611
July 4th	8214	8.00	8	32.2316	1	2,063	100%	2,063	464	2,603	199	4				2,806
	8216	8.00	8	38.4999	1	2,464	100%	2,464	554	3,109	238	5				3,352
	8219	1.00	8	50.99869	1	408	10%	41	9	51	4	0				56
Sub-total		88		1,130	578,799		378,498	85,162	477,570	36,534	812	20,053	19,067	8,694		562,731
										Vehicle Maintenance and Fuel Total					20,598	
Operating Fund Transfer Request For Fiscal Year 2003-04:																\$ 583,329

Productive hours

215

Full hours

260

Ratio

83%

4.8372

Julia Dawson, Deputy Director
Department of Parking and Traffic

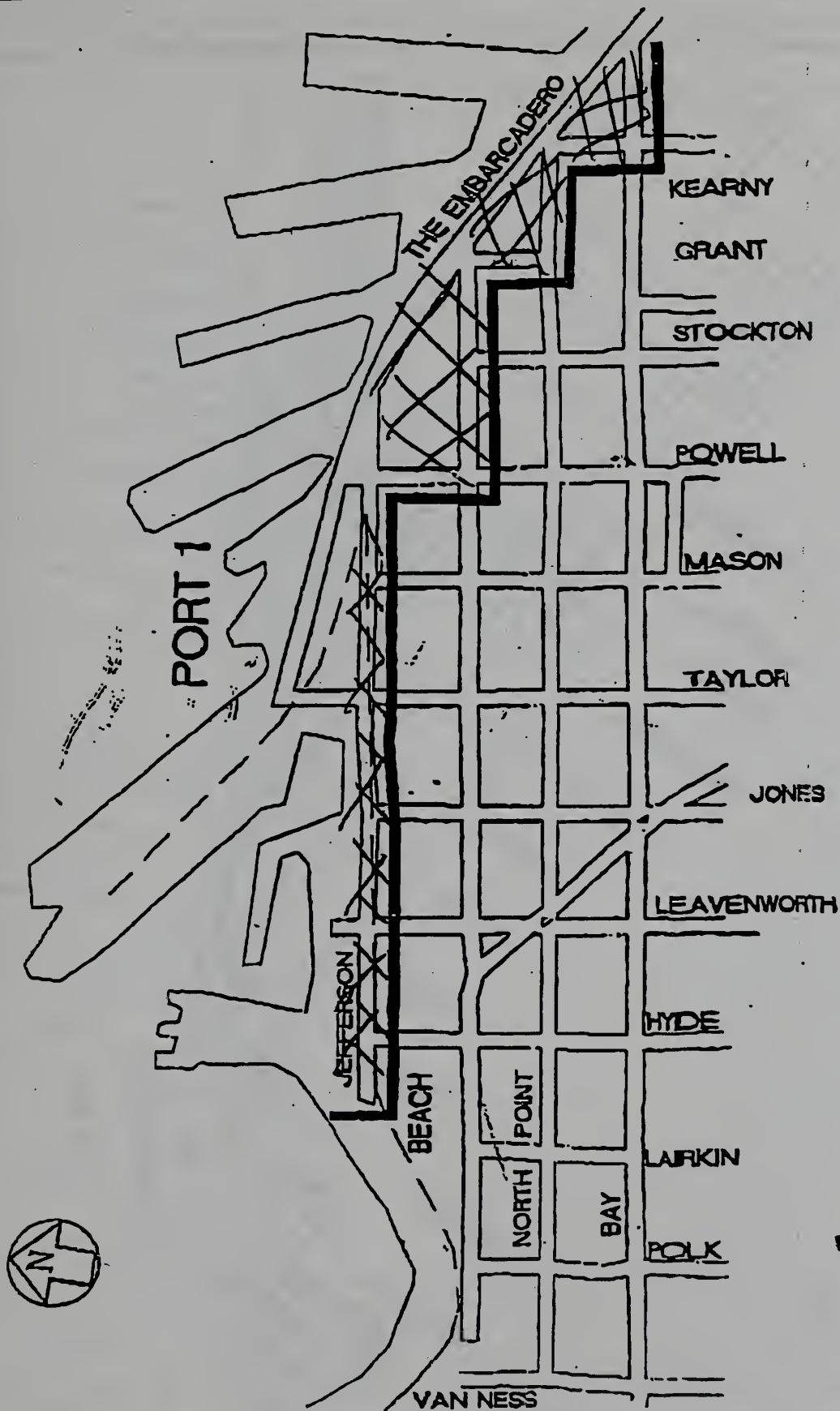
Date

Port of San Francisco

Date

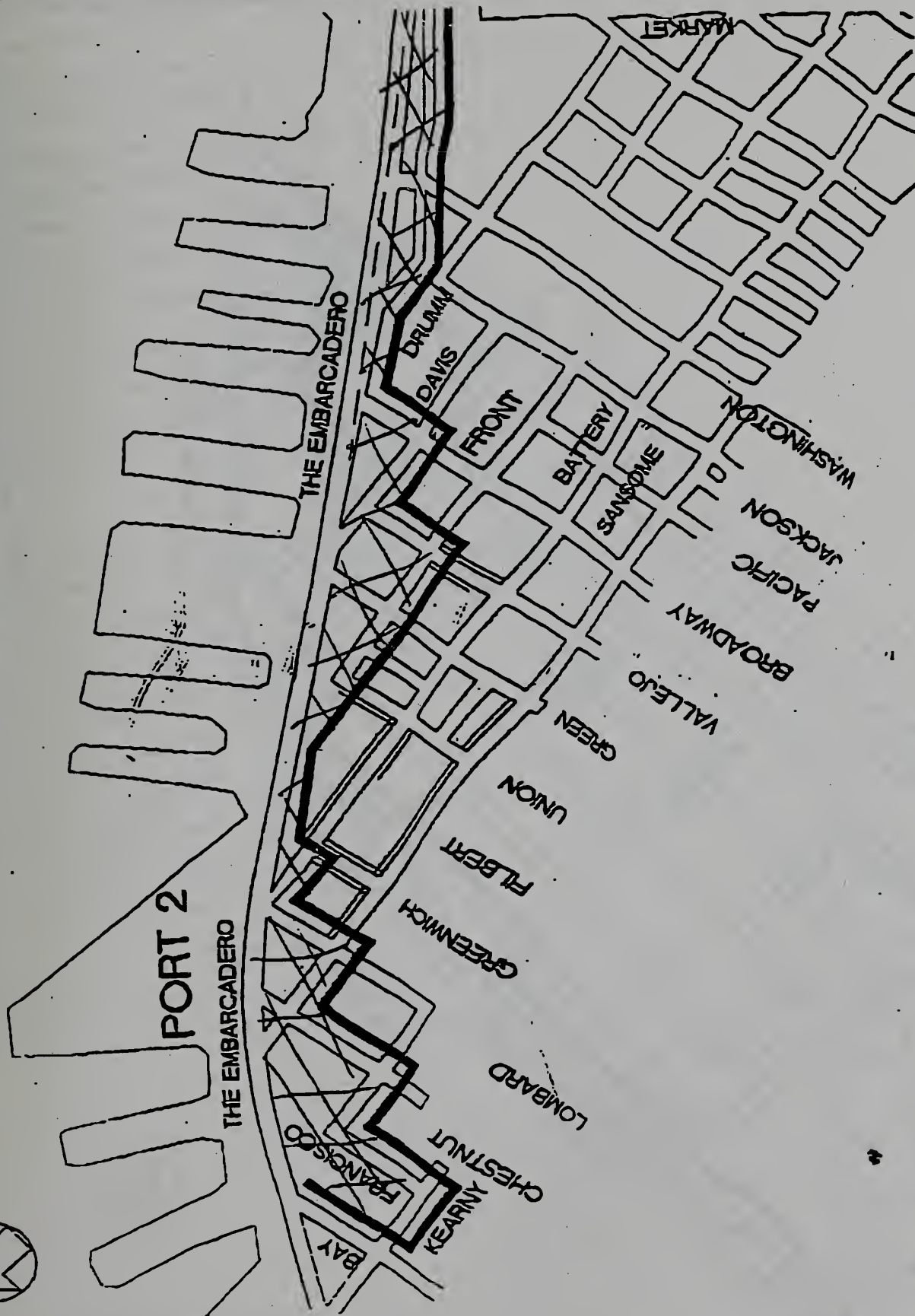
PARKING CONTROL - BEAT # PORT 1

—— PARKING METER LOCATIONS



COMMENTS:

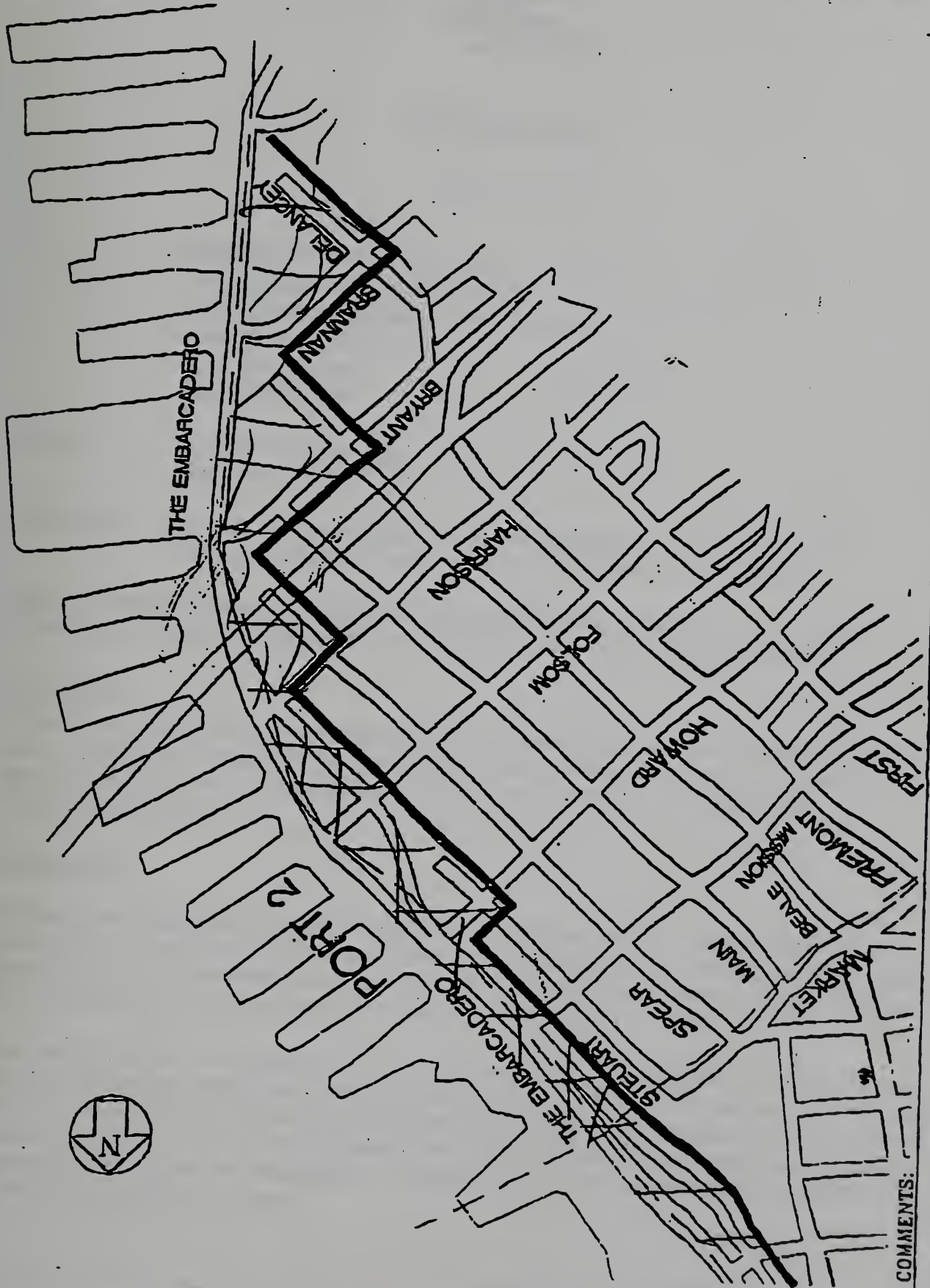
PARKING METER LOCATIONS



COMMENTS:

PARKING CONTROL - BEAT # PORT 2

— PARKING METER LOCATIONS



COMMENTS:



MEMORANDUM

August 6, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director 

SUBJECT: Request for Authorization to Award Construction Contract, the Pier 24 Demolition Project, Contract No. 2682, to Zaccor Companies Inc.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE AWARD OF THE PIER 24 DEMOLITION PROJECT, CONTRACT NO. 2682, TO ZACCOR COMPANIES INC.

Introduction

Port staff requests that the Commission authorize the award of construction Contract No. 2682, "Pier 24 Demolition Project," to Zaccor Companies Inc., the lowest responsive responsible bidder. The scope of the project includes demolition and disposal of Pier 24, as set forth in the construction documents.

Background

The Port Commission, at its meeting on February 27, 2003, authorized staff to advertise for bids for the Pier 24 Demolition project. (Port Commission Resolution 03-16.) The project is required by the San Francisco Waterfront Special Area Plan (SAP), which was approved by the San Francisco Bay Conservation and Development Commission (BCDC) on July 20, 2000.

The Human Rights Commission staff set a subcontracting goal of 11% combined Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) for the project. Port Staff received two bids on July 16, 2003. The Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Zaccor Companies Inc. is the lowest responsive, responsible bidder. Zaccor Companies Inc.'s bid price is \$623,618, and meets the MBE/WBE goal. A summary of the bids is attached.

Port staff obtained necessary permits from the California Regional Water Quality Control Board in March 2003 and from the Bay Conservation and Development Commission (BCDC) in April 2003.

Funding

The project cost will be fully funded with Port capital funds from the Special Area Plan fund.

Summary

Port staff recommends that the Commission authorize the award of the contract to Zaccor Companies Inc., the lowest responsive responsible bidder, for the amount of \$623,618, plus a 10% contingency of \$62,362. Staff also recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu, Project Engineer, for
Nieret Mizushima, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 03-55**

- WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Pier 24 Demolition Project, Contract No. 2682, at its meeting on February 27, 2003; and
- WHEREAS, Port staff received two bids on July 16, 2003; and
- WHEREAS, Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Zaccor Companies Inc. is the lowest responsive, responsible bidder; and
- WHEREAS, Zaccor Companies Inc.'s bid price is \$623,618, and meets the MBE/WBE subcontracting goal; and
- WHEREAS, Port staff obtained necessary permits from the California Regional Water Quality Control Board in March 2003 and from the Bay Conservation and Development Commission (BCDC) in April 2003; and
- WHEREAS, the project cost will be fully funded with Port capital funds from the Special Area Plan fund; now therefore be it,
- RESOLVED, that the Port Commission hereby authorizes Port staff to award the construction contract, Pier 24 Demolition Project, Contract No. 2682, to Zaccor Companies Inc. for the amount of \$623,618, plus a 10% contingency of \$62,362; and be it further
- RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 12, 2003.

Secretary

BID SUMMARY
PORT OF SAN FRANCISCO

Project: Pier 24 Demolition	Project Engineer: Ken Chu	
Contract No.: 2682	Bids Opened: 16-Jul-03	

Bid Item No.	Description/Unit	Bidder Name Address City, State, Zip Phone #	Zaccor Companies Inc. 2900 Main Street Alameda, CA 94501 510-522-6210	Ferma Corporation 1265 Montecito Ave, Ste 200 Mountain View, CA 94043 650-961-2742
			Amount	Amount
1	Mobilization		\$50,000.00	\$55,000.00
2	Demolition		\$323,618.00	\$945,000.00
3	Disposal		\$250,000.00	\$85,000.00
	TOTAL BID PRICE (Summation of Bid Items 1 through 3)		\$623,618.00	\$1,085,000.00



MEMORANDUM

August 6, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Commissioner Michela Alioto-Pier
Hon. Commissioner Susan J. Bierman
Hon. Commissioner Wilfred W. Hsu

FROM: Douglas F. Wong
Executive Director *[Signature]*

SUBJECT: Approval of Concept Design for the Brannan Street Wharf Open Space Project.

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION APPROVING THE
CONCEPT DESIGN FOR THE BRANNAN STREET WHARF OPEN SPACE PROJECT.

BACKGROUND:

The Port and the Bay Conservation and Development Commission (BCDC) both called for the development of the Brannan Street Wharf (the Wharf) when these two agencies reached an historic agreement in July, 2000, establishing consistent policies for the San Francisco waterfront in the Port and BCDC's plans. The Wharf is identified as a major neighborhood and destination open space in the Port's Waterfront Land Use Plan, in BCDC's amended Special Area Plan, and in the San Francisco General Plan -Northeastern Waterfront Area Plan.

Brannan Street Wharf will be a new open space defining the center of the South Beach neighborhood. It will replace Piers 34 and 36 and be 57,000 square feet of new wharf over the water parallel to the Embarcadero Promenade. It is located on The Embarcadero Promenade between Pier 30-32 and Pier 38.

The Brannan Street Wharf was also identified in the State legislation passed in 2001 (AB 1389) regarding development of Pier 30-32 for the Bryant Street Pier cruise terminal project. As per that legislation, funds for the Brannan Street Wharf are required to be fully encumbered prior to a BCDC permit being issued for the cruise terminal project, and the construction of the Wharf must be completed prior to the cruise terminal project becoming operational. Previously, the Port/BCDC agreement anticipated construction of the Wharf to be within 15-20 years from the cruise terminal construction.

This Print Covers Calendar Item No. 7A

The first phase of the Wharf is to work with the public to develop a concept design to submit to the Port Commission and the BCDC Commission for their consideration. The Port, working with BCDC, conducted a public planning process for the Brannan Street Wharf working with a citizens advisory committee (CAC) for this project. The CAC includes representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants, and a variety of interest groups representing a broad mix of local and regional view points (see Attachment A for a list of CAC members).

The Port hired a consultant team led by Economic Research Associates and Sasaki Associates to assist staff in preparing the concept design. The team provided expertise in engineering evaluation, landscape architecture and economics. To date, the Port has conducted seven CAC meetings and three public workshops. In addition, the concept design was reviewed at a joint meeting of BCDC's Design Review Board and the Waterfront Design Advisory Committee three times, with the most recent being on December 9, 2002. The proposed concept design represents the comments and ideals of both the CAC members and those on the design review committees.

Proposed Concept Design

The Project will be a new wharf connected to and running parallel to the Embarcadero Promenade beginning at the south edge of Pier 30-32 and extending for about 830-feet through the area of Pier 36. It will have a wedge shape with its narrowest point adding about a 10-foot wharf to the edge of Pier 30-32 and widening to about 140-feet at the south end of Pier 36. The Wharf may reuse sound piles in the area of Pier 36; the portion of the plaza north of Pier 36 would be all new construction. The major project components include a 400-foot length lawn area, a waterside walkway with seating, shade-sheltered picnic/game tables, and a small-craft float. The design remembers its San Francisco waterfront history by taking on the shape of Pier 36, and by placing bronze strips in the paving to note the locations of former rail lines.

The Wharf is designed flat with the lawn being in a raised planter of about 15-inch height. The openness of the site is intended to orient the Wharf both toward the Bay and the adjacent neighborhood. A low wall that also functions as a sitting edge surrounds the lawn. The Wharf will also feature a series of interpretive exhibits that encourage interaction about Bay currents, tides, wildlife and fisheries, and history.

Environmental Review

The Major Environmental Analysis Division of the San Francisco Planning Department completed the environmental review of the Bryant Street Pier project, which included the Brannan Street Wharf, under the California Environmental Quality Act (CEQA). The Supplementary Environmental Impact Report (SEIR) was published in November 2001 and was certified by the Planning Commission in May 2002. Bluewater Network filed an appeal to the Board of Supervisors, and the Board remanded the SEIR to the Planning Department. The SEIR was revised and certified by the Planning Commission in November 2002. San Franciscans for a Healthy Waterfront filed another appeal, and the Board rejected that appeal thereby certifying the SEIR in January 2003. The Port Commission approved the Bryant Street Pier project on March 25, 2003.

Implementation

The consultant team and Port staff have prepared a concept level cost estimate for the Wharf that is about \$15 million inclusive of soft costs. The Brannan Street Wharf would be financed by a combination of proceeds from the sale of a portion of Seawall Lot 330 for residential development, and the Port's open space banking required by the Special Area Plan agreement with BCDC in 2000. Final design and construction may become the responsibility of the Bryant Street Pier cruise terminal developer and as described above, be timed to occur with the development of the cruise terminal.

Staff Recommendation

At the Port Commission's April 22nd meeting this year, the Commission held an informational hearing on this project and received public comments supporting the concept design. On August 7, the BCDC Commission also held an informational hearing on this project. Based on comments received at those hearings, staff recommends that the Commission adopt the attached resolution approving the concept design.

Submitted by: Dan Hodapp
Senior Waterfront Planner

**PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-58

- WHEREAS, The San Francisco Cruise Terminal Mixed-Use Project is proposed to be constructed on Piers 30-32 and Seawall Lot 330 and the Brannan Street Wharf Project is proposed to be located in the vicinity of Pier 34 and Pier 36; and
- WHEREAS, The Port and the Bay Conservation and Development Commission (BCDC) both called for the development of the Brannan Street Wharf (the Wharf) when these two agencies reached an historic agreement in July, 2000, establishing consistent policies for the San Francisco waterfront in the Port and BCDC's plans; and
- WHEREAS, The Wharf is identified as a major neighborhood and destination open space, defining the center of the South Beach neighborhood, in the Port's Waterfront Land Use Plan, in BCDC's amended Special Area Plan, and in the San Francisco General Plan - Northeastern Waterfront Area Plan.
- WHEREAS, Brannan Street Wharf will be a new open space located on The Embarcadero Promenade between Pier 30-32 and Pier 38, replacing Piers 34 and 36 with 57,000 square feet of new wharf over the water, parallel to the Embarcadero Promenade; and
- WHEREAS, The Brannan Street Wharf was also identified in the State legislation passed in 2001 (AB 1389) regarding development of Pier 30-32 for the Bryant Street Pier cruise terminal project, and per that legislation, funds for the Brannan Street Wharf are required to be fully encumbered prior to a BCDC permit being issued for the cruise terminal project, and the construction of the Wharf must be completed prior to the cruise terminal project becoming operational; and
- WHEREAS, The Port, working with BCDC, conducted a public planning process for the Brannan Street Wharf working with a citizens advisory committee (CAC) that includes representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants, and a variety of interest groups representing a broad mix of local and regional view points; and
- WHEREAS, The Port has conducted seven CAC meetings and three public workshops; and
- WHEREAS, In addition, the concept design was reviewed at joint meetings of BCDC's Design Review Board and the Waterfront Design Advisory Committee three times, and reflects the comments and ideals of both the CAC members and those on the design review committees; and
- WHEREAS, The proposed Brannan Street Wharf would provide a landscaped park in the heart of South Beach that would compliment the design of the Bryant Street Pier Cruise Terminal project and add to the Port's collection of significant waterfront open spaces available for all of the public to enjoy; and
- WHEREAS, The Major Environmental Analysis Division of the San Francisco Planning Department completed the environmental review of the Bryant Street Pier project, which included the Brannan Street Wharf, under the California Environmental Quality Act (CEQA); and

- WHEREAS, The Supplemental Environmental Impact Report (SEIR) was published in November 2001 and was certified by the Planning Commission in May 2002, and following an appeal to and remand from the Board of Supervisors, the SEIR was revised and certified by the Planning Commission in November 2002, and after another appeal was rejected, the SEIR was certified in January 2003; and
- WHEREAS, The Port Commission approved the Bryant Street Pier project on March 25, 2003 by Resolution No. 03-28 and adopted findings pursuant to the California Environmental Quality Act (CEQA), including a statement of overriding considerations, in connection with approval of the Lease Disposition and Development Agreement for the lease of Pier 30/32 and development of Bryant Street Pier and Brannan Street Wharf projects and the approval of the Sale Agreement for a portion of Seawall Lot 330 (Port Commission Resolution No. 03-27), and those findings are incorporated in this Resolution by reference as if fully set forth herein (CEQA Findings); and
- WHEREAS, The Commission findings included mitigation measures that were included in the Final Supplemental Environmental Impact Report (FSEIR) for the San Francisco Cruise Terminal Mixed-Use Project and Brannan Street Wharf Project, that will be implemented and monitored, as provided in Resolution Nos. 03-27 and 03-28, pursuant to the Mitigation Monitoring and Reporting Program adopted for the project, and incorporated in this Resolution by reference as if fully set forth herein (Mitigation Monitoring); and
- WHEREAS, The Brannan Street Wharf Project was thoroughly analyzed in the FSEIR and since the Commission adopted Resolution Nos. 03-27 and 03-28 there are no changed circumstances or other factors that would trigger the need or requirement for additional environmental review under CEQA, the CEQA Guidelines or Administrative Code Chapter 31; now, therefore be it
- RESOLVED, That the San Francisco Port Commission has reviewed and considered the FSEIR and the Waterfront Plan Final EIR and hereby incorporates by reference the CEQA Findings and Mitigation Monitoring attached to Commission Resolution No. 03-27 as Attachment A and Exhibits 1 and 2; and be it further
- RESOLVED, That the Port Commission hereby approves the Concept Design for the Brannan Street Project as indicated on Exhibit A hereto, and authorizes Port staff to proceed with the schematic and final design of the Project.

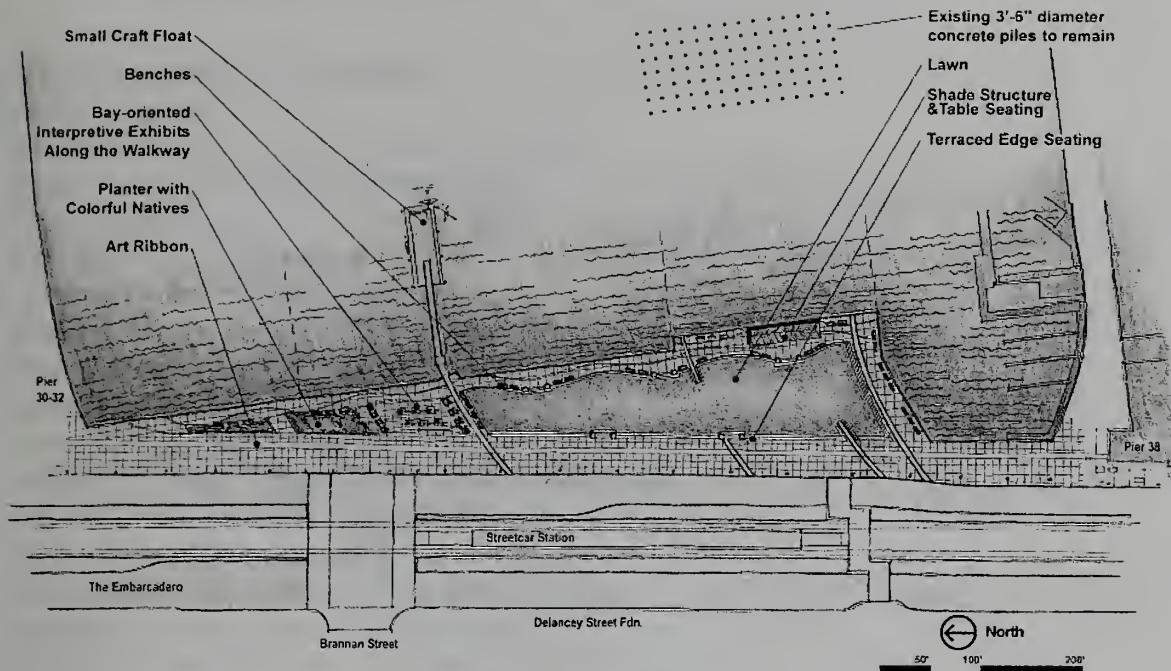
I hereby certify that the foregoing Resolution was adopted by the Port Commission at its regular meeting of August 12, 2003.

Secretary

Exhibit A

Brannan Street Wharf

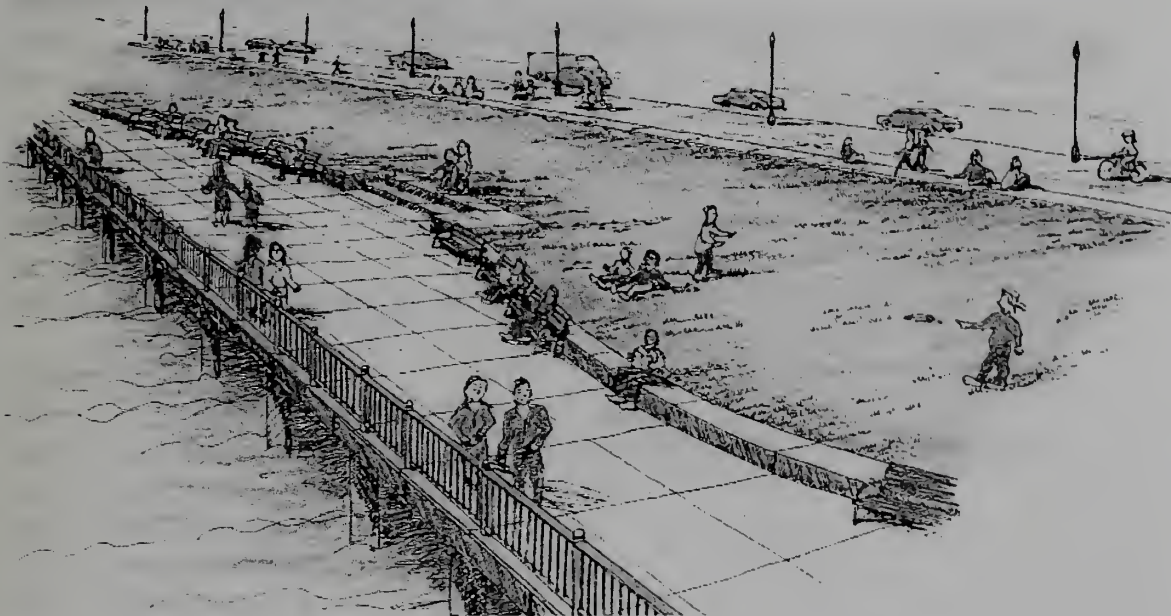
Concept Design



Port of San Francisco
Bay Conservation & Development Commission

Concept Design

Brannan Street Wharf



Attachment A

Brannan Street Wharf Project Participants

Citizens Advisory Committee:

Aditya Advani
Michael Alexander, San Francisco Beautiful
Janet Curtis, The Trust for Public Land
Chris Degenhardt
Carl Ernst, Pier 38 Maritime
Alfonso Felder, San Francisco Giants
Richard Forst, South Beach Yacht Club
Ellen Johnck, Bay Planning Coalition
Redmond Kernan, San Francisco Planning & Urban Research
Karen Kho, Urban Ecology
Jeffrey Leibovitz, Rincon Point/South Beach CAC
David Lewis, Save San Francisco Bay
Mary Anne Miller, San Francisco Tomorrow
Milton Marks, III, Friends of the Urban Forest
Maurice Cococcia, Lend Lease Development
Judith Patterson, Rincon Point/South Beach CAC
Arlene Rodriguez, Golden Gate National Parks Assoc.
Paul Nixon, Bay Access
Gerald Miller, Delancey Street Foundation
Michael Sweet, Rincon Point/South Beach CAC
Paul Warenski, Rincon Point/South Beach CAC
Beverly T. Wilson, Rincon Point/South Beach CAC

Project Staff:

Dan Hodapp, Port of San Francisco
Brad McCrae, BCDC
Joe LaClair, BCDC
Ann Buell, California State Coastal Conservancy

Consultant Team:

Economic Research Associates – feasibility analysis
Sasaki Associates – project management, urban design and landscape architecture
Real Estate Planning Strategies – public outreach
Han-Padron Associates – marine engineering
Olivia Chen Consultants – civil engineering
Arcost – cost estimating

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
AUGUST 12, 2003

DOCUMENTS DEPT.

AUG 28 2003

SAN FRANCISCO
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1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:05 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Michela Alioto-Pier, and Wilfred Hsu. Commissioner Sue Bierman was not present.

2. APPROVAL OF MINUTES - July 16, 2003 Special Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. The minutes of the July 16, 2003 Commission meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

Executive Director Wong reported that the Board of Supervisors unanimously approved the Piers 1-½, 3 and 5 project this afternoon. Staff will draft a letter to Supervisor Peskin, for the Commission's signature, thanking him for his leadership and for spearheading this project. He also thanked Byron Rhett and his staff for their efforts on this project.

4. REAL ESTATE

A. Request for authorization to enter into lease with Sitting By Inc., dba Hivive, Lease No. L-13516 for the renovation and operation of a restaurant at Pier 28½.(Resolution No. 03-56)

Mr. Jeff Bauer, Senior Commercial Leasing Manager, presented the item and requested Commission's approval to enter into lease with Sitting By, Inc. dba Hivive.

Commissioner Brandon asked who would be responsible for the repair of the substructure. Mr. Bauer replied that staff would like to avoid a small operator being responsible for substructure repairs that may be fairly expensive. Staff performed the initial survey and determined that minimal repairs to the substructure would be required (under \$20,000). The tenant has agreed to undertake those repairs. Following that, the Port, upon inspection, may elect to repair the substructure if further repairs are needed. If it is determined that it is economically infeasible for the Port to do the repairs (\$500,000 or more), the Port can terminate the lease. Staff fully expects that the initial repair will carry the substructure through the term of the lease.

Commissioner Brandon reiterated that the Port is responsible but can terminate the lease if it chooses to. If something is wrong with the substructure, the Port will be responsible for

repairing it. Mr. Bauer replied that the decision would be if it's economically feasible to repair the substructure, the Port may choose to do so but if there is a leasehold paying \$5,000 a month for rent with a \$250,000 substructure repair cost, the Port may choose to terminate that lease.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-56 was adopted.

B. Request for approval of assumption and assignment agreement with Sabella & LaTorre. (Resolution 03-57)

Mr. Rich Rovetti, Commercial Leasing Manager, presented the item and requested Commission's approval of the assumption and assignment agreement with Sabella & LaTorre.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-57 was adopted.

5. ADMINISTRATIVE SERVICES

A. Request for approval of Rate Increase for Port Parking Meters. (Resolution No. 03-46)

Mr. Chudi Chuba, Finance Manager, presented the item and requested Commission's approval of the rate increase for Port parking meters.

Commissioner Alioto-Pier thanked Mr. Chuba for all his efforts on this project.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-46 was adopted.

6. ENGINEERING & MAINTENANCE

A. Request for authorization to award Construction Contract No. 2682, Pier 24 Demolition Project, to Zaccor Companies Inc. (Resolution No. 03-55)

Mr. Ken Chu, Project Manager, presented the item and requested Commission's approval.

Ms. Nan Roth, member of the Waterfront Plan Advisory Board, Northeast Waterfront Advisory Group and the Fisherman's Advisory Group and representing the Mills Group, was concerned that the Commission is being led into a foolish and costly position with regard to the demolition of Pier 24. The Port is required to demolish Pier 24 under the Waterfront Special Area Plan implementation requirements agreed upon with BCDC. The deadline for completing that demolition was July 20. However, the agreement with BCDC requires the demolition of all Pier 24 including the 15,000 s.f. concrete section attached to Bay Bridge Tower W2. To proceed at this time with a contract to demolish only the wood deck and substructure and to leave the unsightly concrete portion in place puts the Port in a position of not only maintaining an eyesore and navigation hazard but also in violation of its agreement with BCDC. It would, in turn, threaten any future BCDC permitting

request including those associated with the Brannan Street Wharf, the cruise terminal project at Pier 30/32, and the public trust review of Piers 27-31. In a worse case scenario, such action could negate the Waterfront Special Area Plan agreement with BCDC. She understands that the Port has made a claim that CalTrans owns and is responsible for the concrete portion of Pier 24. However, she also understands that the Port lacks conclusive evidence at this time to support their claim and that there is a growing body of evidence that the Port is indeed the owner and therefore responsible for demolishing that part of the pier. If this proves to be the case, the Port will face the additional expense of going through the bidding and awarding of a separate contract for the concrete section as well as coming up with the additional funds for the actual demolition. Not only is it a waste of money but also it would take funding away from other needy projects. Issues also remain over who is responsible for restoring the fender system to the newly exposed portion at the base of the tower. It appears there are substantial benefits to both parties and having the concrete removed is sufficient to leverage CalTrans into covering the cost for that part of the work. Before that can happen, the dispute over ownership has to be resolved. She urged the Commission to delay authorization of the contract award until the disputed issues are resolved and the project can be fully carried out with maximum economic benefit to all parties and without leaving an unsightly and hazardous condition of blight on one of the most prominent sections of the central waterfront.

Commissioner Hardeman commented that Port staff is doing its best.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-55 was adopted.

7. PLANNING & DEVELOPMENT

A. Request for approval of concept design for the Brannan Street Wharf Open Space Project. (Resolution No. 03-58)

Ms. Diane Oshima, Asst. Deputy Director, presented the item and requested Commission's approval of the concept design for the Brannan Street Wharf project. The Brannan Street Wharf project is a community and joint BCDC and Port project. It is one of the major open spaces required in the Waterfront Plan and the BCDC Plan for the South Beach area and is seen as a community as well as baywide resource. The Brannan Street Wharf will be a new open space defining the center of the South Beach neighborhood. It is located on The Embarcadero Promenade between Pier 30-32 and Pier 38.

The Brannan Street Wharf was also identified in the State legislation passed in 2001 (AB 1389) regarding development of Pier 30-32 for the Bryant Street Pier cruise terminal project. Per that legislation, funds for the Brannan Street Wharf are required to be fully encumbered prior to a BCDC permit being issued for the cruise terminal project, and the construction of the Wharf must be completed prior to the cruise terminal project becoming operational. The Port Commission's approval of the design concept of the wharf is required before it is brought to BCDC for approval.

Mr. Brad McCrea, BCDC's Bay Design Analyst, presented the concept design of the project. The design process was funded from two sources: the Port of San Francisco contributed \$50,000 and the Coastal Conservancy contributed \$100,000. The first phase of

the Wharf is to work with the public to develop a concept design to submit to the Port Commission and BCDC for consideration. The Port, working with BCDC, conducted a public planning process for the Brannan Street Wharf working with a citizens advisory committee (CAC) for this project. The CAC includes representatives from the South Beach/Rincon Point Citizens Group, other residents, merchants, and a variety of interest groups representing a broad mix of local and regional view points.

The Port hired a consultant team to assist staff in preparing the concept design. The team provided expertise in engineering evaluation, landscape architecture and economics. To date, the Port has conducted seven CAC meetings and three public workshops. In addition, the concept design was reviewed at a joint meeting of BCDC's Design Review Board and the Waterfront Design Advisory Committee.

The Project will be a new wharf connected to and running parallel to the Embarcadero Promenade beginning at the south edge of Pier 30-32 and extending for about 830-feet through the area of Pier 36. The Wharf may reuse sound piles in the area of Pier 36; the portion of the plaza north of Pier 36 would be all new construction. The marginal wharf is anticipated to be removed to accommodate the new Brannan Street Wharf. The major project components include a 400-foot length lawn area, a waterside walkway with seating, shade-sheltered picnic/game tables, and a small-craft float. The design remembers its San Francisco waterfront history by taking on the shape of Pier 36, and by placing bronze strips in the paving to note the locations of former rail lines.

The Wharf is designed flat with the lawn being in a raised planter of about 15-inch height. The openness of the site is intended to orient the Wharf both toward the Bay and the adjacent neighborhood. A low wall that also functions as a sitting edge surrounds the lawn. The Wharf will also feature a series of interpretive exhibits that encourage interaction about Bay currents, tides, wildlife and fisheries, and history.

After discussions with BCDC, Port and Save the Bay, they have decided to remove the existing concrete piles from the design. This exciting project would not only be a regional draw but also a local neighborhood serving place.

Ernestine Weiss commented that the public also had some input into the project.

Commissioner Alioto-Pier commented that it is a beautiful project. Looking at the project from two points of view, as someone who uses a wheelchair and as a mom with two small kids, she was concerned that there was no real access to the lawn.

Mr. McCrea replied that the intention is to have access to the lawn even though it is a raised panel. The railroad corridors would actually be included as a ramp and the lawn panel becomes accessible. It is their intent that the entire Brannan Street Wharf would be accessible to the disabled. With regard to children, the idea is to have a variety of open spaces. Rincon Park, which is located down the street, has lots of playful elements and children in mind. They have made a conscious effort to make sure that this open space was distinct and not a replica of other open spaces along the waterfront. It is important that the wharf is inclusive if it is to be a neighborhood serving place. They will keep in mind the Commissioner's comments and concerns as they move forward into the design stage.

Commissioner Alioto-Pier asked if the areas off the main sidewalk are ramps or open areas. Mr. McCrea replied that the Herb Caen Way is at elevation zero. The lawn panel would be approximately 18 inches high. There are ways to make the changing grades for wheelchairs and strollers. One is as shown where the railroad corridor is created into a ramp that goes right into the lawn. Other ideas they played with was changing the elevation of the structure itself so that there are places where the lawn is at zero and tapers to a terrace. During the design development stage, they will ensure that the lawn panel is as inviting as possible. The last thing they want is for the wharf to be a formal parterre or something that is set aside that everyone is afraid to go into. They want this wharf to be full of people. From the waterside, it could be design with ramps or with changes in elevation of this paving surface so that the grass and paving are the same and they are leaning towards creating ramps.

Commissioner Alioto-Pier stated that it is very important that there is wheelchair and stroller access all over the park and not just in one or two areas. There is nothing more annoying than having to walk or roll a very long distance. It's a hassle and it can be embarrassing if you're with a group of people and they jump on the lawn and you have to go all the way around the park to access it. She emphasized that it should be perfectly accessible particularly because of where it is and not just because it's on the Port but also because it's right next to the cruise ship terminal. Ultimately, that wharf will be a pride to San Francisco and we need to show it off.

Commissioner Alioto-Pier commented that she visited Morro Bay a couple of months ago and was at a park that had an old giant pirate ship. She has never seen a park that was specifically tailored to look like something. It was a maritime park with a giant ship and children were climbing all over it and having fun. She asked staff to keep that in mind when designing the park. Mr. McCrea assured the Commissioner that her comments were heard loud and clear.

Commissioner Hardeman appointed Commissioner Alioto-Pier to serve on a committee to work with Mr. McCrea, Mr. LaClair and Ms. Oshima to get some of the concepts she mentioned incorporated into the project.

Commissioner Hardeman thanked the CAC, the project staff committee – Dan Hodapp, Brad McCrea, Joe LaClair, Diane Oshima, Ann Buell, the consultant team and the public for all their efforts.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-58 was adopted.

8. NEW BUSINESS/PUBLIC COMMENT

Ernestine Weiss wished that the Commission would hasten the removal of the concrete benches since the Pier 1-½, 3 and 5 project was approved by the Board. She asked that the bike lane be striped as it is unsafe for people to walk with the bikers, skateboarders and scooters sharing the sidewalk. She also requested that signs be posted along the Embarcadero to deter the skateboarders from using the sidewalk and the offenders could be cited.

Commissioner Hsu suggested that the Commission set up a budget committee to look at ways to identify budget resources for the Port. Commissioner Hardeman appointed Commissioners Hsu and Alioto-Pier to serve on the budget committee.

9. EXECUTIVE SESSION

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 3:50 p.m., the Commission withdrew to executive session to discuss the following:

CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Piers 19/23
Person Negotiating: Port: Douglas F. Wong, Executive Director
*Big C Traders: Raymond Lynch
- b. Property: Pier 96
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Sanitary Fill Company: Maurice Quillen
- c. Property: Pier 45 Shed D
Person Negotiating: Port: Ken Winters, Director of Real Estate
North Coast Fisheries, Inc.: Mike Lucas
- d. Property: Pier 9
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Pacific Marine Yachts: Garrett O'Doherty

At 5:13 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to adjourn the meeting. Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 5:15 p.m.

AUG 21 2003

SAN FRANCISCO
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SAN FRANCISCO PORT COMMISSION

PLEASE NOTE THE TIME & LOCATION OF THE MEETING.

REGULAR MEETING

3:00 P.M., TUESDAY, AUGUST 26, 2003

**PORT COMMISSION HEARING ROOM, 2ND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111**

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

≡ AGENDA

- 1. ROLL CALL**
- 2. APPROVAL OF MINUTES** - August 12, 2003 Regular Meeting
- 3. EXECUTIVE**
 - A. Executive Director's Report
 - Proclamation for Tom Creedon, former chair of the Fisherman's Wharf Board of Governors
 - Cruise Terminal Advisory Groups
- 4. ENGINEERING**
 - A. Request for authorization to award Construction Contract No. 2675, Pier 52/54 Parking Lot Project, to Ghilotti Bros. Inc. (Resolution No. 03-59)
- 5. REAL ESTATE**
 - A. Request for approval of Lease Assignment from North Coast Fisheries, Inc. to Next Seafood, Inc. (Resolution No. 03-60)
- 6. MARITIME**
 - A. Request for approval of the First Amendment to Lease No. L-13002 with Hanson Aggregates Mid-Pacific, Inc. at Pier 94. (Resolution No. 03-61)
 - B. Informational briefing regarding Port Security Assessment.

7. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (Discussion Item)

- a. Discussion and approval of proposed settlement of existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):
 - As Plaintiff: The Port has asserted a claim for damages and/or indemnification against Nationwide Auction Services for legal fees and costs incurred in the January 13, 2001 auction sale of Drydock #1. Consideration and/or approval of proposed settlement of the Port's claim for \$13,431.00, in exchange for a full and final release of claims. A copy of the proposed litigation settlement agreement is available for inspection with the Commission Secretary for the Port, pursuant to San Francisco Administrative Code Section 67.12(b)(3).

(2) CONFERENCE WITH LEGAL COUNSEL AND SECURITY CONSULTANT REGARDING THREAT TO THE SECURITY OF PUBLIC BUILDINGS AND ESSENTIAL PUBLIC SERVICES.

- Conference with security consultant Parsons Brinkerhoff and legal counsel regarding security vulnerability assessment of Port property and facilities, pursuant to California Government Code Section 54957(a).

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Pier 50 and Pier 96

Person Negotiating: Port: Peter Dailey, Director of Maritime
* California Sealift Terminals, Inc.: William Bergsteiner, President

Under Negotiation: _____ Price _____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located on Pier 50 and Pier 96.

b. Property: Pier 70/SWL 349

Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*PUC: Ed Smeloff, Asst Gen Mgr., Power Policy, Public Utilities Commission

Under Negotiation: _____ Price _____ Terms of Payment X Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located on Pier 70 at Seawall Lot 349.

9. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12
- B. Vote in open session on whether to disclose any or executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

10. ADJOURNMENT

AUGUST/SEPTEMBER 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
August 26	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
September 9	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
September 23	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. Effective June 24, 2003, the Port Commission meetings will be held in the Port Commission Hearing Room located on the second floor of the Ferry Building. Contact Amy Quesada at 274-0406. *The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.*

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 - 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at www.sfport.com.

ACCESSIBLE MEETING INFORMATION

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
- C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. and Drumm St.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine.htm>

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

August 20, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong *DW*
Executive Director

SUBJECT: Request for Authorization to Award Construction Contract No. 2675, Pier 52/54 Parking Lot Project, to Ghilotti Bros., Inc.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE AWARD OF THE PIER 52/54 PARKING LOT PROJECT, CONTRACT NO. 2675, TO GHILOTTI BROS., INC.

Introduction

Port staff requests that the Commission authorize the award of construction Contract No. 2675, "Pier 52/54 Parking Lot Project," to Ghilotti Bros., Inc., the lowest responsive responsible bidder. The project scope involves the construction of a parking lot with 40 parking spaces for vehicles and trailers as set forth in the construction documents.

Background

The Port Commission, at its meeting on April 23, 2002, authorized staff to advertise for bids for the Pier 52/54 Parking Lot project. (Port Commission Resolution 02-12.)

The Human Rights Commission staff established subcontracting goals of 17% for Minority Business Enterprises (MBE) and 5% Women Business Enterprises (WBE) for the project. Port Staff received three bids on July 30, 2003. Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Ghilotti Bros., Inc. is the lowest responsive, responsible bidder. Ghilotti Bros.'s bid price with the alternate is \$424,813, and meets the MBE/WBE goals. A summary of the bids is attached.

Port staff has coordinated construction activities with Catellus Development Corporation for Park Parcel P21 and the Port Pier 52/54 Parking Lot in the Mission Bay South Redevelopment Area. The Pier 52/54 Parking Lot is within the Park Parcel P21 area. Catellus is expected to complete the Park Parcel P21 underground utilities in the first week of October 2003. Pier 52/54 Parking Lot construction is scheduled to commence shortly after the completion of Park Parcel P21 underground utilities.

Funding

The project cost is fully funded with allocated Port capital funds.

Summary

Port staff recommends that the Commission authorize the award of Pier 52/54 Parking Lot project, Contract No. 2675, to Ghilotti Bros., Inc., the lowest responsive responsible bidder, for the amount of \$424,813, plus a 10% contingency of \$42,481. Staff also recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Ken Chu, Project Engineer, for
Nieret Mizushima, Chief Harbor Engineer

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 03-59**

- WHEREAS, the Port Commission previously authorized the advertisement of the construction contract for Pier 52/54 Parking Lot Project, Contract No. 2675, at its meeting on April 23, 2002; and
- WHEREAS, Port staff received three bids on July 30, 2003; and
- WHEREAS, Port Engineering staff and the Human Rights Commission staff reviewed the bids and have determined that Ghilotti Bros., Inc. is the lowest responsive, responsible bidder; and
- WHEREAS, Ghilotti Bros.'s bid price with the alternate is \$424,813, and meets the HRC MBE/WBE subcontracting goals; and
- WHEREAS, Port staff has coordinated construction activities with Catellus Development Corporation for the Park Parcel P21 and the Port Pier 52/54 Parking Lot in the Mission Bay South Redevelopment Area; and
- WHEREAS, Catellus is expected to complete the Park Parcel P21 underground utilities in the first week of October 2003; and
- WHEREAS, the Pier 52/54 Parking Lot construction is scheduled to commence shortly after the completion of the Park Parcel P21 underground utilities; and
- WHEREAS, the project cost will be fully funded with allocated Port capital funds; now therefore be it,
- RESOLVED, that the Port Commission hereby authorizes Port staff to award the construction contract, Pier 52/54 Parking Lot Project, Contract No. 2675, to Ghilotti Bros., Inc., the lowest responsive responsible bidder, for the amount of \$424,813, plus a 10% contingency of \$42,481; and be it further
- RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 26, 2003.

Secretary

**BID SUMMARY
PORT OF SAN FRANCISCO**

Project: Pier 52/54 Parking Lot
Contract No.: 2675

Project Manager: Ken Chu
Bids Opened: 30-Jul-03

Bid Item No.	Description/Unit	ESTIMATED QUANTITY	Bidder		UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION
			Address	Phone #						
			Ghiloti Bros., Inc. 525 Jacoby Street San Rafael, CA 94901 415-454-7011						Esquivel Grading & Paving, Inc. 918 Ingerson Avenue San Francisco, CA 94124 415-468-5700	Proven Management, Inc. 501 Cesar Chavez Blvd., Suite 204E San Francisco, CA 94124 415-642-3366
1	Mobilization / LS					\$15,700.00		\$26,000.00		\$20,000.00
2	Parking Lot Improvement / LS					\$319,013.00		\$495,624.00		\$531,686.00
3	On site stockpiling, characterization and hauling of soils to delivered to Mission Bay Area / CY	3000			\$9.50	\$28,500.00	\$5.38	\$16,140.00	\$15.00	\$45,000.00
4	On site stockpiling, separation, characterization, hauling and disposal of recyclable debris / CY	800			\$24.00	\$19,200.00	\$32.19	\$25,752.00	\$15.00	\$12,000.00
5	On site stockpiling, characterization, and hauling and disposal of Class II non-recyclable materials not included in Bid Items 3 and 4 / CY	200			\$57.00	\$11,400.00	\$32.42	\$6,484.00	\$50.00	\$10,000.00
	TOTAL BID PRICE (Summation of Bid Items 1 through 5)					\$393,813.00		\$570,000.00		\$618,686.00

Alt No.	Alternate Description	Amount	Amount
1	Relocation of existing recycling oil shed. ADD Lump Sum	\$31,000.00	\$52,300.00
TOTAL with Alternate		\$424,813.00	\$668,686.00



MEMORANDUM

August 20, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director *[Signature]*

SUBJECT: Approval of Lease Assignment from North Coast Fisheries, Inc. to Next Seafood, Inc.

DIRECTOR'S RECOMMENDATION: APPROVE ASSIGNMENT OF NORTH COAST FISHERIES, INC. LEASE

North Coast Fisheries, Inc. is the Tenant for the premises under Port Lease No. L-12085 (the "Lease") at Pier 45, Shed D-3. The term of the ten (10) year Lease commenced on September 1, 1995. The premises consist of 6,956 square feet of shed space and 1,628 square feet of non-exclusive apron space. The current monthly rent for the shed space is \$4,415.06, or \$0.63 per square foot per month. The use of the premises is for receiving, handling and processing fish and for commercial fishing and such uses as are reasonably related thereto.

North Coast Fisheries, Inc. recently sold its business operations to Next Seafood, Inc. ("Next Seafood"), an existing subtenant at Pier 45, Shed D-9. As part of the business transaction, North Coast Fisheries, Inc. desires to assign the Lease to Next Seafood.

If the proposed assignment is approved by the Port Commission, Next Seafood intends to retain its subleased space at Shed D-9 for storage purposes while utilizing the facility acquired from North Coast Fisheries (Shed D-3) as its primary fish processing facility. Next Seafood will be utilizing its own employees to operate the fish processing facility acquired from North Coast Fisheries, Inc.

This Print Covers Calendar Item No. 5A

Next Seafood is a subtenant in good standing and is prepared to fully assume North Coast's obligations under the Lease. There are no unpaid rents that are currently due from North Coast Fisheries, Inc. North Coast will remain liable for all lease obligations pursuant to the assignment and assumption agreement.

Based on the above, Staff recommends the approval of the proposed lease assignment to Next Seafood on the terms and conditions set forth in the assignment and assumption agreement on file with the Commission Secretary.

Prepared by: Phil Williamson, Senior Property Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-60

- WHEREAS, Charter, Section B3.581 grants the Port Commission the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
- WHEREAS, Under Charter Section B3.581 (g), leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and
- WHEREAS, The Port owns the property located at Pier 45, Shed D ("**Shed D**"); and
- WHEREAS, The Port leased to North Coast Fisheries, Inc. ("**North Coast**") space in Shed D for use in commercial fishing and fish processing operations pursuant to Port Lease No. L-12085, a ten-year lease commencing on September 1, 1995 (the "**Lease**"); and
- WHEREAS, North Coast recently sold its business operations to Next Seafood, Inc. ("**Next Seafood**"), an existing subtenant at Shed D; and
- WHEREAS, North Coast desires to assign to Next Seafood and Next Seafood desires to assume North Coast's right, title and interest in the Lease; and
- WHEREAS, The Lease requires the Port Commission to consent by resolution to any assignment of the Lease; and
- WHEREAS, Staff recommends that the Port Commission consent to the assignment and assumption of the Lease by North Coast to Next Seafood, in the form of the assignment and assumption agreement on file with the Commission Secretary (the "**Assignment and Assumption Agreement**"); NOW THEREFORE, BE IT
- RESOLVED, Based on staff's recommendation and its own analysis, the Port Commission hereby consents to the assignment and assumption of the Lease by North Coast to Next Seafood, and authorizes the Executive Director, or his designee, to execute the Assignment and Assumption Agreement with North Coast and Next Seafood.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 26, 2003.

Secretary



MEMORANDUM

August 20, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong 
Executive Director

SUBJECT: Approval of the First Amendment to Lease No. L-13002 Hanson Aggregates Mid-Pacific, Inc. at Pier 94

DIRECTOR'S RECOMMENDATION: APPROVE THE FIRST AMENDMENT TO HANSON AGGREGATES MID-PACIFIC LEASE NO. L-13002 AT PIER 94

Background

Hanson Aggregates Mid-Pacific (Hanson) operates a maritime bulk cargo terminal and bulk cargo storage facility at Pier 94 under Lease No. L-13002 that commenced on September 1, 2000 and terminates on July 31, 2005. The lease includes 261,240 square feet of paved land, a non-exclusive berth and non-exclusive easement rights for set-up and operation of a hopper system and truck access at Pier 94 as well as a three-year option on all or a portion of 175,000 square feet of paved land adjacent to the current leased premises. Hanson imports aggregates from Canada and discharges the aggregates to their lease hold at Pier 94, which are later trucked from the terminal. Hanson now wishes to exercise the majority of the option parcel, extend the option on the remainder for one additional year, and extend the term of their lease by eight years with two additional five year extension options. Hanson and Port staff propose the following lease amendments:

Expansion of Premises: Hanson will exercise its expansion option as to 126,000 square feet of paved land in the option parcel under all of the terms of the Lease. The option for the remaining 49,000 square feet of land in the option parcel will continue for one additional year. Total square feet of the lease will increase to 387,240 sq.ft. at a monthly base rent of \$77,448.00 subject to annual CPI adjustments. The option on the 49,000 square feet will expire on August 31, 2004.

This Print Covers Calendar Item No. 6A

Term: The term of the agreement will be extended an additional eight years and one month, terminating on August 31, 2013 with two additional five year extension options.

Infrastructure Improvements: The Tenant agrees to make a one time payment to the Port in the amount of \$243,673.28, which Port shall allocate toward the construction of the Illinois Street Intermodal Bridge, the "Gateway Project" or other as yet-to-be defined projects. This payment is in addition to the \$94,144.00 in expenses that Hanson incurred completing the landscape project at the corner of 3rd and Cargo.

Other: The Lease Amendment requires Hanson to comply with the City's Health Care Accountability Ordinance. The Local Trucking clause has been amended to reflect clarification changes made to the clause after the start date of the Lease.

The Lease, under Section 41.1, was subject to mitigation measures from the San Francisco Waterfront Land Use Plan EIR dated 1997. The Supplemental EIR, completed after the start date of the Lease, has further clarified these mitigation measures and subsequent mitigation measures as identified by the Southern Waterfront Supplemental EIR have been added to this amendment.

A copy of the First Amendment is attached hereto.

Prepared by: Jill Simpson-Rodby, Maritime Marketing Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-61

- WHEREAS, Hanson Aggregates Mid-Pacific, Inc. entered into Lease No. L-13002 with the Port dated for reference purposes only as of August 26, 2000, affecting approximately 261,240 square feet of paved land at Pier 94, an option on approximately 175,000 square feet of paved land at Pier 94, a non-exclusive berth at Pier 94 and non-exclusive easement rights for set-up and operation of a hopper system and truck access; and
- WHEREAS, Port and Tenant desire to expand the Premises by exercising 125,000 square feet of paved land in the Parcel C Option; and
- WHEREAS, Port and Tenant desire to extend the Parcel C Option with a balance of 49,000 square feet to August 31, 2004; and
- WHEREAS, Port and Tenant desire to extend the Term of the Lease to expire on August 31, 2013; and
- WHEREAS, Tenant has agreed to make a one time payment to the Port in the amount of \$243,673.28 which Port shall allocate toward the construction of the Illinois Street Intermodal Bridge, the "Gateway Project" or other as yet-to-be defined projects; and
- WHEREAS, Port and Tenant desire to make other modifications to the terms and conditions of the Lease;
- RESOLVED, that the San Francisco Port Commission hereby approves the First Amendment to Hanson Aggregates Mid-Pacific, Inc. Lease No. L-13002 substantially in the form on file with the Secretary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of August 26, 2003.

Secretary

**FIRST AMENDMENT TO ORIGINAL LEASE No. L-13002 BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO, THROUGH THE
SAN FRANCISCO PORT COMMISSION, Landlord,**

And

**HANSON AGGREGATES MID-PACIFIC, INC., A DELAWARE CORPORATION,
Tenant**

This First Amendment to Lease No. L-13002 ("First Amendment") is dated for reference purposes only as of July 7, 2003, between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), operating by and through the SAN FRANCISCO PORT COMMISSION ("Port"), and Hanson Aggregates Mid-Pacific, Inc. ("Hanson"), a Delaware corporation, (the "Tenant").

RECITALS

WHEREAS, By Maritime Terminal Lease Agreement dated for reference purposes only as of August 26, 2000, and as modified by an addendum dated January 19, 2001 (collectively, the "Lease") British Pacific Aggregates, Ltd., a British Pacific corporation ("British Pacific"), as tenant, entered into a lease with Port, as landlord, affecting approximately 261,240 square feet of paved land at Pier 94, an option on approximately 175,000 square feet of paved land at Pier 94, a non-exclusive berth at Pier 94 and non-exclusive easement rights for set-up and operation of a hopper system and truck access, in the City and County of San Francisco (the "Premises") as more particularly described in the Lease.

WHEREAS, by assignment of Maritime Terminal Lease Agreement dated as of January 3, 2001, British Pacific assigned all of its right, title and interest in, to and under the Lease to Hanson.

WHEREAS, Port and Tenant desire to expand the Premises; and

WHEREAS, Port and Tenant desire to extend the Term of the Lease; and

WHEREAS, Port and Tenant desire to make other modifications to the terms and conditions of the Lease, as set forth in this First Amendment.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Port and Tenant, hereby agree as follows:

1. **Effective Date.** This First Amendment shall become effective on September 1, 2003, subject to satisfaction of the condition set forth in Section 41.5 of this first amendment.
2. **Expansion of Premises.** As of the Effective Date, Section 1.1 (Premises) is hereby amended in its entirety to read as follows:

" 1.1 Premises:

- (a) Approximately 387,240 square feet of paved land located at Pier 94, in the City and County of San Francisco, State of California, hereto known as Parcel A, as shown on Exhibit A attached hereto and made a part hereof, together with any and all Improvements and Alterations thereto.

- (b) Berthing Facilities: Tenant shall have a non-exclusive right to use the northern berth at Pier 94 as more particularly described in Exhibit A, located at the Port of San Francisco in the City and County of San Francisco, hereto known as Parcel B, attached hereto and made a part hereof. Tenant shall use the berth solely for berthing vessels and discharging of aggregates, as more particularly described in this Lease, and for no other purpose.
- (c) Approximately 49,000 square feet of paved land located at Pier 94, in the City and County of San Francisco, State of California, hereto known as Parcel C, as shown on Exhibit A attached hereto and made a part hereof. Parcel C is an "Option" parcel subject to the terms of section 1.2 below.
- (d) Tenant shall have a non-exclusive easement right for set-up and operation of a hopper system between the berth and premises and a non-exclusive easement right for truck access to Parcel A, and upon exercise of the Option, to Parcel C as shown by cross-hatch on Exhibit A attached hereto and made a part hereof.

3. **Term.** As of the Effective Date, Section 1.2 (Term) shall be amended in its entirety to read as follows:

"1.2 Term: The Term shall be for Thirteen (13) years commencing on September 1, 2000 ("Commencement Date") and terminating on August 31, 2013 ("Termination Date"), unless earlier terminated in accordance with the provisions of this Lease.

a. **Extension Options:** Subject to Port's rights to terminate the Lease as provided under this lease, Port grants to Tenant two (2) options to extend the Term of this Lease (each, an "Extension Option"), each for an additional five (5) years (the "Extended Terms"). Tenant may elect to exercise each Extension Option by giving written notice to Port, not less than sixty (60) days prior to the expiration of the immediately prior term or Extended Term (as applicable), that Tenant elects to exercise the applicable Extension Option. Any such notice by Tenant shall be irrevocable by Tenant. If any material event of default by Tenant is outstanding under this lease either at the time Tenant submits its written notice exercising the Extension Option or at any time prior to the first day of the applicable Extended Term, or if any event has occurred which, with the giving of notice or passage of time or both, would constitute a material event of default and such event has not been cured prior to the earlier expiration of any applicable cure period under this Lease or the expiration of the immediately prior term or Extension Term (as applicable), then Port may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, whereupon the Extension Option (and any subsequent Extension Option) shall be null and void. Port and Tenant specifically agree that, in addition to Port's right to reject Tenant's exercise of the Extension Option as discussed herein, Port has the right to reject Tenant's exercise of any Extension Option if all requirements contained in Exhibit B have not been completed within a satisfactory and timely manner, to be determined in Port's sole discretion.

If Tenant elects to exercise one or more Extension Option, then the Lease for the Extended Term(s) shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Lease, and Base Rent hereunder shall continue to be adjusted in accordance with Section 5.2 (Base Rent Adjustment).

b. **Parcel C Option:** Tenant shall have the right (the "Parcel C Option") to lease all or part of Parcel C in accordance with the terms of this Section 1.2. Upon the effective exercise of the Option, Parcel C shall be added to the Premises and shall be subject to all of the terms and conditions of this Agreement on the rent terms described in Section 1.3 below. Tenant shall exercise the Parcel C Option, if at all, by written notice to Port (the "Option Notice") not

later than June 1, 2004, provided that the exercise of the option shall not be effective if Tenant is in default under this Lease, or if any event has occurred which, with the giving of notice or passage of time or both, would constitute a material event of default under this Lease and such event has not been cured prior to the commencement date of the Parcel C Option. The Option Notice shall state the commencement date of the Parcel C Option term and whether the Parcel C Option exercise is for all or a portion of Parcel C. In no event shall the commencement date of the Parcel C Option terms be later than August 31, 2004. If the Parcel C Option exercise is for a portion of Parcel C, the Parcel C Option Notice shall also state the square footage and location of the portion of Parcel C to be leased by Tenant. If Tenant fails (or is unable due to an Event of Default) to timely exercise the Parcel C Option, such right shall irrevocably terminate.

4. **Base Rent Revision.** As of the Effective Date, Section 1.3 (Base Rent) shall be amended to add the following language:

"1.3 Parcel A - Base Rent Increase: Commencing on September 1, 2003, Base Rent shall be increased to \$77,448.00 per calendar month based on a rate of \$0.20 per sq.ft. per month. (Section 5.1)."

"1.5 Base Index: July 2003 (Section 5.2) (For base rent increases)

5. **Employee Health Benefits.** A new Section 29.6 (Requiring Health Benefits for Covered Employees.) is hereby added to the Lease to read as follows:

29.6 Requiring Health Benefits for Covered Employees. Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q (Chapter 12Q), including the implementing regulations as the same may be amended or updated from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth herein. The text of the HCAO is currently available on the web at www.ci.sf.ca.us/HCAO. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee Tenant shall provide the appropriate health benefit set forth in Section 12Q.3.

(b) Notwithstanding the above, if Tenant meets the requirements of a "small business" by the City pursuant to Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Tenant understands and agrees that the failure to comply with the requirements of the HCAO shall constitute a material breach by Tenant of this Lease.

(d) If, within 30 days after receiving written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such 30-day period Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(e) Any Sublease or Contract regarding services to be performed on the Premises entered into by Tenant shall require the Subtenant or Contractor and Subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Tenant shall notify the Purchasing Department when it enters into such a Sublease or Contract and shall certify to the Purchasing Department that it has notified the Subtenant or Contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the

Subtenant or Contractor through written agreement with such Subtenant or Contractor. Tenant shall be responsible for ensuring compliance with the HCAO for each Subtenant, Contractor and Subcontractor performing services on the Premises. If any Subtenant, Contractor or Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the Subtenant's, Contractor's, or Subcontractor's failure to comply, provided that the Contracting Department has first provided Tenant with notice and an opportunity to cure the violation.

(f) Tenant shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the requirements of the HCAO.

(h) Tenant shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(i) Upon request, Tenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subtenants, Contractors, and Subcontractors.

(j) Within five (5) business days of any request, Tenant shall provide the City with access to pertinent records relating to any Tenant's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Tenant at any time during the term of this Lease. Tenant agrees to cooperate with City in connection with any such audit.

(k) If a Contractor or Subcontractor is exempt from the HCAO because the amount payable to such Contractor or Subcontractor under all of its contracts with the City or relating to City-owned property is less than \$25,000 (or \$50,000 for nonprofits) in that fiscal year, but such Contractor or Subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such Contractor or Subcontractor to equal or exceed \$75,000 in that fiscal year, then all of the Contractor's or Subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed \$75,000 in the fiscal year.

6. **Local Trucking** As of the Effective Date, Section 38 (Local Trucking) shall be amended in its entirety to read as follows:

Local Trucking. As a material consideration for Port's agreement to enter into this Lease, Tenant agrees that, for all directly contracted or service agreement trucking opportunities associated with Tenant's operations at the Premises, including, without limitation, hauling of materials on and off the Premises, Tenant shall make good faith efforts to first use local truckers (as defined below).

For purposes of this Section, "truckers" means a business that provides trucking services for a profit (see additional terms and definitions below). "Local truckers" means those truckers that are certified by the San Francisco Human Rights Commission as "Local Business Enterprises" pursuant to the City's Minority/Women/Local Business Utilization Ordinance. (Administrative Code Section 12D.A.5.)

To the extent that Tenant in its sole discretion directly contracts or enters into a service agreement with truckers for hauling of materials on or off the Premises, Tenant shall use Local Truckers for a minimum of 60% of all contracted or service agreement trucking. Only the actual dollar amount paid to truckers will be counted towards meeting the sixty percent (60%) requirement. Equipment rental and disposal fees will not be counted towards meeting the requirement. Notwithstanding the foregoing, if Tenant fails to meet the sixty percent (60%) threshold, Tenant shall not be in default of this provision so long as Tenant first offered

trucking opportunities to local truckers, and such local truckers were unavailable or unwilling to haul materials to or from the Premises.

Tenant shall provide Port with a monthly report setting forth the total cost to haul material onto or off of the Premises through a contract or service agreement during the preceding month and identify the total amount paid to local truckers by the Tenant. Tenant shall submit monthly reports to the Port and HRC for monitoring and compliance review. The monthly report shall document all truckers who conducted contract or service agreement work for the tenant, and identify those truckers, which meet HRC "Local Business Enterprise" requirements. If tenant fails to meet the 60% local trucker requirement, the monthly report shall document how good faith outreach efforts were employed to contact the local truckers and reasons for why such work could not be conducted by HRC local truckers. Additionally Tenant shall provide the Port with any additional documentation required to ensure Tenants compliance with this provision.

Tenant's failure to comply with the provision of this Section shall be deemed a material breach under the Lease subject to default provision of Section 23 of this Lease.

7. **Subsequent Improvement Measures.** As of the Effective Date, as a material term of the Lease, Tenant shall comply with those subsequent improvement measures set forth in Exhibit B attached hereto, pursuant to Section 41.2 of the Lease (Subsequent Improvement Measures).

8. **Infrastructure Improvements.** A new Section 41.5 (Infrastructure Improvements) is hereby added to the Lease to read as follows:

41.5 Infrastructure Improvements. Port has begun identifying several projects for the Southern Waterfront including: (1) construction of a bridge across Islais Creek Channel one block east of the existing Levon Hagoop Nishkian drawbridge on Third Street ("Illinois Street Bridge"); (2) the design and construction of a so-called "Gateway" project to visually enhance the intersection of Third Street, Cargo Way, and Amador Street; (3) extension and improvement of Amador Street to connect Cargo Way and the Pier 94-96 terminal, and (4) other as yet-to-be defined projects.

The Illinois Street Bridge would extend across the Islais Creek Channel along the line of Illinois Street, connecting the Port's Container Terminal at Pier 80, on the north side of Islais Creek, with numerous Port facilities on the south side of Islais Creek including Piers 94-96, the Intermodal Container Transfer Facility, Piers 90-92 and the undeveloped backlands area. The Illinois Street Bridge would provide a more direct route for rail cargo to and from Pier 80, and create an alternate truck route to Port facilities on both sides of Islais Creek. This will reduce industrial truck traffic on Third Street.

As a material consideration of Port's agreeing to enter into this amendment of the Lease, Tenant agrees to make a one time payment to the Port in the amount of \$243,673.28 (Total amount \$337,673.28 minus \$96,144.00 credit for Tenant expenses incurred completing the landscape project at the corner of 3rd and Cargo), which Port shall allocate toward the construction of the Illinois Street Intermodal Bridge, the Gateway project, or other projects. This amount shall be paid to Port by Tenant prior to, and as a condition of the Effective Date of this First Amendment.

This First Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter herein. Except as otherwise modified by this First Amendment, all terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, PORT and TENANT execute this First Amendment to the Lease No. L-13002 at San Francisco, California, as of the date first set forth above.

PORT:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By _____
Peter Dailey
Director of Maritime

TENANT:

Hanson Aggregates Mid-Pacific, Inc., a Delaware corporation, jointly and severally

By _____

By _____

Its: _____

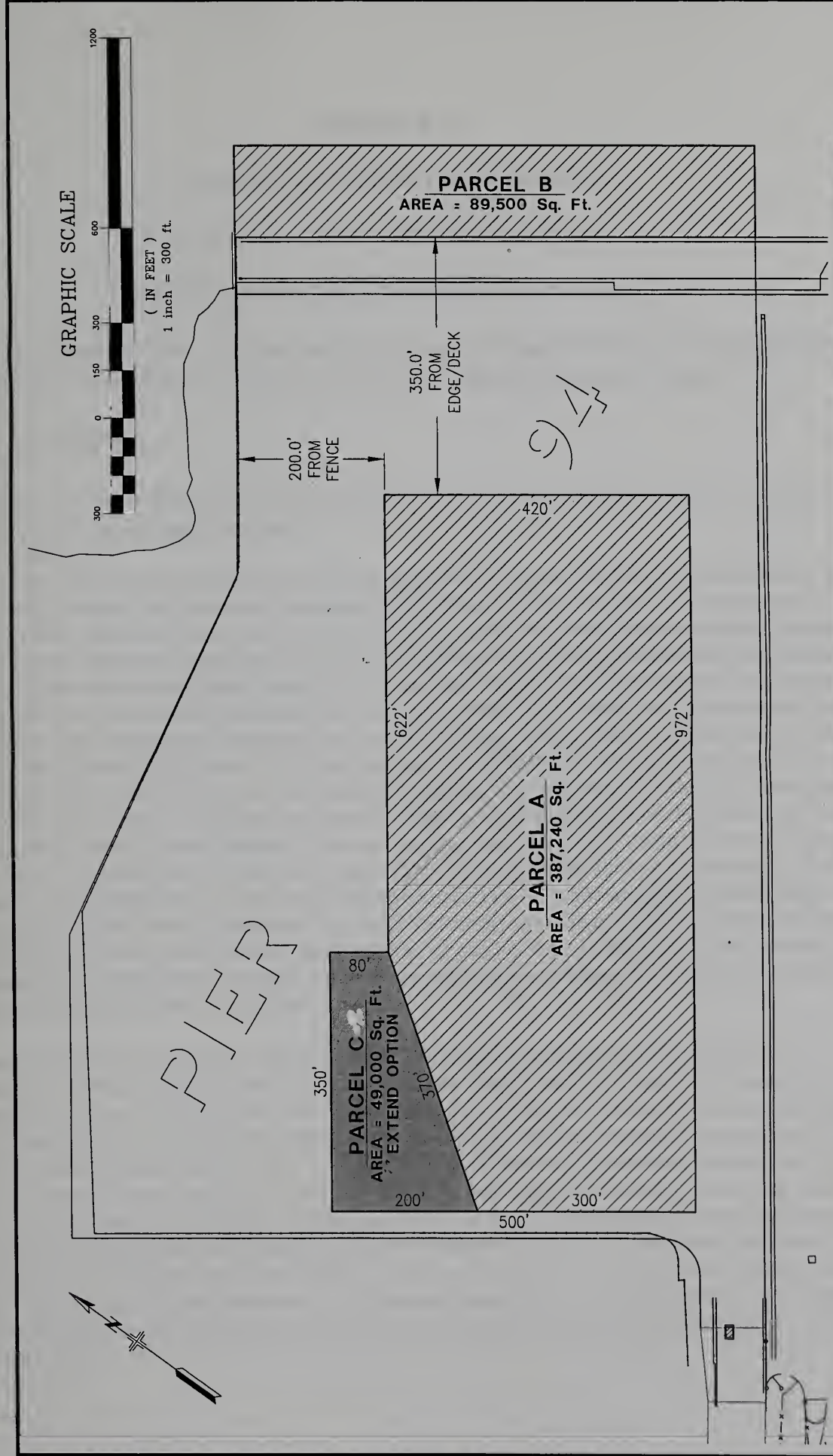
Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By _____
Deputy City Attorney

Amendment Prepared by: Jill Simpson-Rodby, Maritime Marketing Manager _____
(Initial)



DESIGNED BY: J. SIMPSON DRAWN BY: AMN DATA FILE: --- DRAWING NO.		CHECKED BY: --- DATE: 02 JUL 03 SCALE: 1" = 300' SHEET NO. 1 OF 1 SHEETS	
PORT OF SAN FRANCISCO SAN FRANCISCO PORT COMMISSION DEPARTMENT OF ENGINEERING		PIER 94/96 HANSON AGGREGATES LEASE L-13002	
APPROVED BY SAN FRANCISCO PORT COMMISSION DATE		PROP_LEASE6.DWG	

EXHIBIT A

INITIALS: PORT _____ TENANT _____

EXHIBIT B

HANSEN AGGREGATES – PIER 94

REQUIRED MITIGATION MEASURES

UNDER THE SOUTHERN WATERFRONT SEIR

The following contains the full text of the Southern Waterfront Supplemental EIR (SEIR) mitigation measures, which are required as conditions of the Hansen Aggregates Lease for Pier 94.

C. AIR QUALITY

The mitigation measures in this section would further reduce but not eliminate the project's contribution to potentially significant air quality impacts.

C.1 Each of the Industry Group construction aggregate industry project components, which would represent “stationary sources” of particulate emissions, shall include “best available control technology” (BACT) to control emissions, consistent with current regulations. For aggregate-handling operations (Bode Gravel, Mission Valley Rock, RMC Pacific, Hansen Aggregates), this includes maintaining a moisture content in the aggregate that is high enough to eliminate PM-10 “fugitive” emissions (wind-blown dust that could otherwise escape into the surrounding air). A water spray system shall be installed at each aggregate-handling facility, including Bode Gravel, Mission Valley Rock, RMC Pacific, and Hansen Aggregates. Fine aggregate material (sand) shall be maintained with a moisture content of approximately 5 percent, because such material with a moisture content of 4.5 percent or more produces virtually no fugitive emissions. Coarse aggregate (gravel) shall be kept damp on the surface, which would also effectively eliminate fugitive dust. Aggregate shall be stored in bunkers at ready-mix and asphalt plants, rather than open piles, with water spray (including the use of surfactants, as necessary, to bind the water and dust to the aggregate) applied to maintain adequate moisture content to control emissions at both production and shipping/storage operations. ISG Resources, which would handle fly ash, a finer, more powdery material than aggregate, shall install BACT dust collection equipment to accommodate truck and rail transport and shall use pneumatic equipment to control dust emissions during the transfer of fly ash.

C.3 Consistent with the City's Clean Air Program (established by Ordinance 258-99, adopted October 15, 1999), it is City policy to “foster, promote, and encourage the use of low emission [alternative fuel vehicles] and [zero emission vehicles] by developing infrastructures to support the use of these vehicles.” Under the ordinance, the City is to (1) assess the need for a network of natural gas fueling stations accessible to the public; (2) site and develop at least five such facilities, by public and/or private entities; (3) install 50 publicly accessible electric vehicle charging stations in City garages, lots, or other sites; (4) develop a plan for additional charging stations and related infrastructure; (5) buy and lease ultra-low and zero emission vehicles for City department use; (6) identify and convert diesel bus lines to electric service; (7) develop a plan to phase out older diesel buses; (8) develop a plan and incentives to encourage larger private vehicle fleets to convert their fleets to very low or zero emission vehicles; and (9) develop a car sharing program in high density neighborhoods.

Consistent with the City's Clean Air Program, the Port shall require that all tenants make a good faith effort to engage in operational practices sensitive to the environment and the neighboring community. In furtherance of this, the Port shall require that tenants operating a fleet of vehicles investigate the potential for use of low- or zero emission vehicles and implement measures to reduce vehicle emissions to the maximum feasible extent. Options may include, but not necessarily be limited to, the use of low-emission diesel fuel (including low-sulfur diesel); the use of catalytic particulate traps for diesel-powered engines that are currently under study by the California Air Resources Board; the use of other emerging technologies to reduce diesel particulate emissions; and use of electric vehicles. The Port shall also require that tenants operating diesel-powered stationary equipment investigate similar options. Tenants shall investigate retrofitting existing engines and purchase of new engines. The Port shall further require that tenants who work with independent trucking contractors encourage those contractors to make similar efforts, including, if reasonably feasible, providing such truckers with economic incentives to retrofit equipment or take other measures as may be necessary to use low-emission fuels. As an economic incentive to minimize diesel emissions from Port property, the Port shall contribute towards the incremental costs incurred by its tenants for Port-approved equipment and improvements in furtherance of this measure. Finally, the Port shall establish a schedule by which tenants described above shall report to the Port on progress in investigating reduced-emission engines.

C.5 The Port shall require that project sponsors direct construction contractors to implement a dust abatement program to reduce the contribution of project construction to local PM-10 concentrations. Elements of this program, which is currently applied to all Port tenants, include the following:

- Water internal roadways and unpaved construction areas just prior to the morning and evening peak traffic periods (to limit the potential for major roadway traffic to entrain dust), limit speeds to 10 mph, and sweep paved internal roads after the evening peak period.
- In addition, water active sites (e.g., where demolition, excavation or other earth work is underway) at least twice per day. Increase the frequency of watering when wind speeds exceed 15 miles per hour. Suspend all excavating and grading operation when instantaneous gusts exceed 25 miles per hour.
- Replace ground cover in disturbed areas as quickly as possible.
- Enclose, cover, water twice daily, or apply soil binders to exposed stockpiles of sand, gravel, and dirt.
- Install gravel at construction equipment entrances to unpaved areas to prevent tracking of dirt and mud onto streets.
- Sweep paved access roads, parking areas, and construction staging areas, at the end of day (with water sweepers), and sweep adjacent City streets if any visible soil material is carried over to these streets.
- Cover all trucks hauling dirt, sand, soil, or other loose materials. Maintain at least six inches of freeboard between the top of the load and the top of the trailer.

- Sweep up dirt or debris spilled onto paved surfaces immediately to reduce resuspension of particulate matter through vehicle movement over these surfaces.
- Designate a person or persons to oversee the implementation of a comprehensive dust control program and to increase watering, as necessary.
- Maintain and operate construction equipment so as to minimize particulates from exhaust emissions. During construction, require contractors to operate trucks and equipment only when necessary. Equipment should be kept in good condition and well-tuned, to minimize exhaust emissions.

Ordinance 175-91, passed by the Board of Supervisors on May 6, 1991, requires that non-potable water be used for dust control activities. Therefore, the project sponsor shall require that the contractor(s) obtain reclaimed water from the Clean Water Program for this purpose.

This mitigation measure also would reduce demolition-related impacts regarding lead paint chips/lead dust. The project sponsor shall also be required to comply with Chapter 36 of the San Francisco Building Code, Work Practices for Exterior Lead-Based Paint, enforced by the San Francisco Department of Building Inspection.

C.6 Consistent with the construction-period dust abatement program described in Mitigation Measure C.5, the Port shall require that Industry Group components and other aggregate-related tenants employ dust abatement procedures including, but not necessarily limited to, the following:

- installation and operation of truck wheel-washing systems at the plant exits;
- daily street sweeping on streets surrounding aggregate-related facilities; and
- clearly posting on the exterior wall or fence of such facilities a company telephone number for citizens to call with dust, noise, or other operational complaints, and designation of a Port staff contact for same.

No other feasible mitigation measures have been identified that would reduce the project's total regional emissions to a level below Bay Area Air Quality Management District thresholds, or eliminate the project's contribution to potentially significant cumulative impacts from all existing (unquantified) and future (unknown) emissions sources.

D. HYDROLOGY

D.1 For construction sites of less than five acres of disturbed area, the contractors shall be required to prepare and implement a Storm Water Pollution Prevention Plan (SWPPP) similar to that required under the statewide General Permit for Storm Water Discharges Associated with Construction Activity. The SWPPP would include site-specific information to identify and evaluate sources of pollutants associated with industrial activities and to identify and implement site-specific best management practices to reduce or prevent pollutants associated with industrial activities in stormwater discharges. Best management practices may be non-structural (e.g., activity schedules,

maintenance procedures, prohibitions of practices) or structural (e.g., treatment measures, runoff controls, overhead coverage). Elements of the SWPPP shall include the following:

- measures for erosion and sediment controls
- methods for construction waste handling and disposal; and
- post-construction erosion and sediment control requirements.

D.2 To minimize the potential for water quality degradation from stormwater runoff, the Port shall require that all tenants and developers, including interim lessees such as the Industry Group members, implement source control Best Management Practices consistent with those identified in the Industrial / Commercial Storm Water Best Management Practices Handbook (Stormwater Quality Task Force, 1993). Measures shall include, but are not limited to, the following (some of which are proposed as part of one or more Industry Group components):

- prohibiting discharge of process water to storm drains or otherwise directly to the Bay or Islais Creek;
- separating stormwater from process water, such as concrete truck washout water and truck wash water, through the use of berms and other features, and ensuring that treated stormwater to be discharged to the Bay meets applicable permit and regulatory standards, including pH (acidity or alkalinity);
- for Industry Group components that would use water in dust control, creation of settling basins or similar features that would allow sediment to be removed from water prior to reuse and/or discharge;
- daily street sweeping of surrounding streets and, for facilities that operate on unpaved surfaces, installation and operation of truck wheel-washing systems at aggregate-related plants;
- employing appropriate containment measures for fuel, asphalt cement, and other hazardous materials stored on-site, to capture potential spills (including at on-site fueling areas);
- installing and maintaining grease and sediment traps at vehicle maintenance and washing areas to prevent contaminated runoff from entering the storm drains or Bay;
- installation of sediment containment systems around outdoor aggregate storage facilities to limit sediment entering stormwater runoff, and covering such storage areas if feasible to limit stormwater infiltration;
- creation of a designated wash-out area for concrete trucks to prevent concrete slurry from reaching the Bay; and
- cover any open conveyors in use over the Bay (i.e., between piers and ships and barges) to minimize the potential for direct sediment spill to the Bay.

D.4 Sponsors of individual project components, including members of the Industry Group, shall be required to implement appropriate Best Management Practices for stormwater pollution prevention throughout the life of each lease and shall be required to monitor stormwater quality in accordance with the requirement of the statewide General Permit for Discharge of Industrial Stormwater.

E. HAZARDS

E.1 Accidental Release of Hazardous Materials or Petroleum Products

In accordance with the Hazardous Materials Ordinance, the sponsor of each Industry Group or Port project component shall ensure that a Hazardous Materials Business Plan is prepared for each of the project components involving the use of petroleum products or hazardous materials. The plan would specify methods for handling and storage of these including containment, site layouts, and emergency response and notification procedures for a spill or release.

The project sponsor(s) shall ensure that a Spill Control and Countermeasure Plan is prepared for any project involving the aboveground storage of petroleum products. The plan would include requirements for appropriate spill containment or equipment to divert spills from sensitive areas, a discussion of facility-specific requirements for the storage system, inspections and a record keeping system, security for the system, and personnel training. The project sponsor(s) would also comply with the state requirement that above-ground storage tanks subject to federal regulations are registered with the Regional Water Quality Control Board.

E.2 Hazardous Materials in Soil

- E.2a** Because the Hansen Aggregates operations at Pier 94 would be constructed bayward of the historic high tide line and would involve the excavation of at least 50 cubic yards of soil, the sponsors of those components shall ensure that the contractors comply with the requirements of Article 22A, "Analyzing the Soil for Hazardous Wastes."

G. GEOLOGY, SOILS, AND SEISMICITY

- G.1** A geotechnical investigation ~~should~~ shall be conducted under the direction of a Geotechnical Engineer prior to permitting any new construction, ~~including construction of the proposed Illinois Street bridge,~~ or reuse of an existing structure for new uses that could increase the load of the structure ~~so as to~~ if such construction triggers the requirements of Section 3403.6 of the San Francisco Building Code. The investigation ~~should~~ shall be performed to evaluate subsurface conditions and existing foundation conditions at the site. The geotechnical investigation ~~should~~ shall evaluate the potential hazards such as settlement, ground shaking, ground rupture, liquefaction, subsidence, slope stability, and lateral spreading. Recommendations to mitigate geologic hazards ~~should~~ shall be made to the project's structural engineer regarding the design of new foundations, upgrading of existing foundations, seismic design, and mitigation of geologic hazards. (1997 WLUP FEIR Measure I-1)

- G.2** To minimize hazards to building occupants from non-structural damage, the Port ~~should~~ shall require all Port facilities and tenants to carry out the following measures at a minimum: heavy objects ~~should~~ shall be attached to secure walls and floors, and light, loose objects ~~should~~ shall be placed to minimize their potential to move or overturn; large storage containers ~~should~~ shall not be loosely stacked, and those stored on shelves ~~should~~ shall have appropriate restraints or other means to prevent them from tipping or sliding off the shelves.

Heavy objects like freezers, boilers, chillers, laboratory equipment, battery racks and electrical transformers, heavy storage cabinets, tanks, safes, oversize file cabinets, etc., ~~should~~ shall be firmly secured to floors and walls to prevent their falling or sliding. All equipment using natural gas ~~should~~ shall be anchored. Care ~~should~~ shall be taken to avoid placement of such objects where they could topple or move and block exit doors. (1997 WLUP FEIR Measure I-7b)

- G.4** Non-structural interior elements (ceilings, partitions, light fixtures, HVAC, pipes, etc.) ~~should~~ shall be designed to withstand strong ground shaking and remain intact. This would be accomplished, for example, by selecting lightweight materials and firmly securing them to structural elements of the building and by using flexible connections for pipes. (1997 WLUP FEIR Measure I-7d)
- G.5** Require the use of flexible utility connections and fasten water heaters to walls. Require the installation of automatic shut-off valves in all natural gas pipelines and provide similar emergency shut-off valves for other gas (oxygen and nitrogen) systems or as otherwise required by the San Francisco Fire Department or the Port fire marshal. Do not install automatic shut-off valves for water supplies. Require the posting of room/building layout diagrams that indicate the location of shut-off valves for natural gas. (1997 WLUP FEIR Measure I-7e)
- G.6** Require fire extinguishers in all rooms and hallways and adjacent to all exit doors (including stairwell exits), as required by the San Francisco Fire Code. Require that cabinets are not placed where they could overturn and block access to fire extinguishers. Require the training of all staff of offices, hotels, industrial facilities, restaurants and entertainment complexes in the use of fire extinguishers. (1997 WLUP FEIR Measure I-7f)
- G.8** The Port ~~should~~ shall take feasible steps to minimize potential earthquake safety risks related to hazardous materials in its operations and that of its tenants.

Specific steps may include appropriate seismic safety provisions, such as prohibiting the storage of hazardous materials in containers above head level (about five feet); anchoring hazardous materials shelves and heavy equipment to walls and floors; constructing heavy doors that are designed to remain shut during earthquake vibrations; providing hand-operable closures for vents and air ducts; and other provisions as discussed in the Association of Bay Area Governments' *Hazardous Material Problems in Earthquakes: A Guide to Their Cause and Mitigation*. Other measures ~~should~~ shall be implemented as recommended by the San Francisco Fire Department and/or Health Department. Additionally, The Port has prepared an Emergency Procedures Manual for Port operations and periodically revise it to be consistent with changes in the facilities and operations. Tenants who use or store hazardous materials are required by the local Hazardous Materials Ordinance to develop a hazardous materials Business Plan, which includes emergency procedures. (1997 WLUP FEIR Measure I-8a)

- G.9** The Port ~~should~~ shall require tenants to design all facilities for storage of hazardous chemicals in containers, such as cabinets, shelves, and drawers, to minimize potential hazards in an earthquake, in accordance with Fire Department and/or Health Department requirements.

Storage facilities ~~should~~ shall include safety lips to contain spills and to reduce the likelihood of contents falling. All shelves and cabinets ~~should~~ shall be secured to a wall or ceiling. All cabinets and drawers ~~should~~ shall be provided with positive latches that would not open during earthquake motions and vibrations. Compressed gas cylinders, including empty ones, ~~should~~ shall be secured to fixed features. Gas cylinders ~~should~~ shall be secured at two locations along their vertical axis, one in the top one-third of the cylinder and another in the bottom third of the cylinder.

The Port ~~should~~ shall require storage of hazardous chemicals in approved containers and separation of incompatible chemicals in separate storage areas. If chemical storage is vented by an electric fan, an alternative (emergency) means of ventilation ~~should~~ shall be provided, which may be a mechanical (non-powered) vent. (1997 WLUP FEIR Measure I-8b)

Implementation of Measures G.9 and G.10 would reduce hazardous materials-related non-structural safety hazards of an earthquake to an acceptable level of risk.

- G.10** Project sponsors, including the Port, ~~should~~ shall employ an engineer qualified in earthquake engineering to incorporate into the final design of individual facilities developed under the WLUP all economically feasible engineering methods to reduce the potential for loss of life-line services. This may include methods to improve unstable ground conditions, to strengthen infrastructure to be more resistant to earthquake induced ground movements, and to organize and prepare for earthquake response. While specialized techniques for ground improvement to reduce liquefaction hazards likely are not practical or economically feasible over large areas, ground improvements within selected strategic sites may result in substantial hazard reduction to utility systems. In such areas a variety of ground stabilization techniques may be considered, such as compaction grouting, placement of stone columns, and deep soil mixing. (1997 WLUP FEIR Measure I-9a, Revised)
- G.11** For individual development projects, the use of flexible connections for utility lines may be needed (see Mitigation Measure G.7). Back-up supplies of water, power generators, and battery-operated telecommunications equipment may need to be installed (or enlarged at the existing facilities). The engineer ~~should~~ shall recommend the appropriate approach (e.g., separate facilities and equipment or upgrading existing facilities) for all Project Area facilities. (1997 WLUP FEIR Measure I-9b)
- G-14** All open sub-grade structures and pits, whether temporary or permanent, ~~should~~ shall be provided with protection against damage resulting from adjustment to buoyant and lateral deforming soils.

All construction and design of such projects ~~should~~ shall provide specific measures to prevent hazards to people and damage to proposed or nearby structures that could result from these adjustments. In some cases, a specific geotechnical investigation may be required for permanent open sub-grade structures and open underground structures. (1997 WLUP FEIR Measure I-2)

REFERENCES – Mitigation Measures

Stormwater Quality Task Force, *Industrial/Commercial Best Management Practices Handbook*, prepared by Camp Dresser & McKee, et. al., March 1993.

Planning/oshima/southern waterfront/southern waterfront SEIR/18



MEMORANDUM

August 20, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong, Executive Director 

SUBJECT: Informational Briefing regarding Port Security Assessment

DIRECTOR'S RECOMMENDATION: No action required (information only).

Background: Following the terrorist attacks of September 11, 2001, there was a heightened awareness of the potential vulnerability of the nation's 361 seaports. Accordingly, the federal government implemented Round I of a Port Security Grants Program, managed by the Transportation Security Administration (TSA), which funded \$93 million to finance security enhancements at critical national seaports. The Port of San Francisco applied for a TSA grant to conduct a comprehensive security vulnerability assessment of its waterfront facilities. In June 2002, the Port of San Francisco was awarded \$500,000 for the assessment, one of only 51 ports to receive Round I funding.

In January 2003, the Port Commission authorized the Executive Director to award a professional services contract to Parsons Brinckerhoff (PB), who was selected as the most qualified of the 20 security consultants that responded to the Port's Request for Proposals for security assessment services.

Also in January 2003, TSA announced additional funding of \$170 million in Round II of the Port Security Grants Program. With the assistance of PB, the Port was successful in its second bid for TSA grant funds, receiving an award of \$3.5 million for security enhancements at the Pier 35 cruise terminal, the Pier 80 cargo terminal, and the Downtown Ferry Terminal. The competition for TSA funding is fierce, as the federal agency fielded 1136 applications in Round II of this program and issued 198 grants.

PB has now completed its security assessment of the Port's facilities under the TSA Round I grant. The purpose of this informational briefing is to advise the Port Commission and the public of the results. Much of the assessment report is considered security-sensitive information (SSI) and protected from public disclosure pursuant to federal and state laws (49 U.S.C. Section 40119; 49 C.F.R. Title 49, Part 1520; California Government Code Section 6254(aa).) However, the material presented at this open session briefing is not considered SSI but is intended to convey a general sense of the PB findings related to security issues at the Port.

The PB project manager for the security assessment project was David Spade, who will lead today's briefing. Port staff would like to acknowledge David and the rest of the PB team for their valuable assistance to the Port on this project.

Commission Action: No action required (information only).

Prepared by: Michael Nerney, Maritime Department for Peter Dailey, Maritime Director

This Print Covers Calendar Item No. 6B

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SAN FRANCISCO PORT COMMISSION

**AUGUST 26, 2003
MINUTES OF THE MEETING**

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHELA ALIOTO-PIER
HON. SUE BIERMAN
HON. WILFRED HSU

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO

PORT COMMISSION

DOCUMENTS DEPT.

MINUTES OF THE REGULAR MEETING AUGUST 26, 2003

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1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:10 p.m. The following Commissioners were present: Michael Hardeman, Michela Alioto-Pier, Sue Bierman and Wilfred Hsu. Commissioner Kimberly Brandon was not present.

2. APPROVAL OF MINUTES - August 12, 2003 Regular Meeting

Commissioner Alioto-Pier commented that at the last Commission meeting, after reconvening in open session, the Commission established a budget committee. That action was not reflected in the minutes. The Commission Secretary replied that she will revise the minutes and include the action taken by the Commission at the last meeting.

ACTION: Commissioner Alioto-Pier moved approval as amended; Commissioner Hsu seconded the motion. All of the Commissioners were in favor; the minutes of the August 12, 2003 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

- Proclamation for Tom Creedon, former chair of the Fisherman's Wharf Board of Governors. Mr. Wong indicated that it is an honor to present a proclamation to a person with a beautiful soul. Mr. Tom Creedon is a great leader and a great inspiration to all of us. He's always on his back on any little problem that the Port has. Commissioner Hardeman and Ken Winters, Director of Real Estate, will present the proclamation.

Mr. Winters recognized Tom Creedon, President and General Manager of Scoma's Seafood Restaurant at Pier 47. He further acknowledged Mr. Creedon's strong business sense, strong relationship focus and great development in furtherance of Fisherman's Wharf and his relationship with the Port, Scoma's and Fisherman's Wharf. Through the efforts and support of the Port, Tom Creedon was most instrumental in forming and establishing Fisherman's Wharf Association and furthering the advancement of Fisherman's Wharf.

Commissioner Hardeman read and presented the proclamation of appreciation to Mr. Tom Creedon. Commissioner Hardeman concurred with Mr. Wong's comments that Mr. Creedon keeps us on our toes. Mr. Creedon has a vote record of 98% when it comes to working with the Port and coming up with a solution.

Mr. Creedon appreciated the honor bestowed upon him and gave a brief background on how he came to be the chairman of the association. He thinks that his reason for participating with the association is totally self-serving but he believes that he has an obligation to the community to participate. Prior to the meeting, he talked to many of the people he has worked with on a regular basis. He believes that the Port employees are responsive and it helps the whole community. It's great to have this crew of people even though they don't always work together, they always work with him.

- Cruise Terminal Advisory Groups

Maritime Director Peter Dailey reported that on June 12, 2003, the Port Commission adopted a policy to minimize environmental impacts from cruise ship operations at Port facilities. The policy prohibits cruise ships from releasing incidental or intentional discharges of untreated wastewater and ballast water into San Francisco Bay until such time that there are adequate treatment methods that are authorized by state or federal agencies that would authorize releases. At the same time, the Port Commission established the Cruise Ship Air and Water Quality Advisory Groups, which will meet on a regular basis to address potential cruise ship issues pertaining to impacts to the Bay and to local air quality.

The Port Commission also directed the Executive Director to appoint members of the Air and Water Quality Advisory Groups. The Executive Director has asked the following individuals or their designees to serve on the advisory groups regarding air and water quality issues for the cruise terminal:

- Captain Gerald Swanson, U.S. Coast Guard
- Captain Peter McIsaac, San Francisco Bar Pilots
- John Berge, Pacific Merchant Shipping Association
- J. Michael Crye, International Council of Cruise Lines
- James Callahan, Metropolitan Stevedore Company
- Russell Long, Bluewater Network
- David Lewis, Save the Bay
- Rick Dickerson, Rincon Point-South Beach
- Mimi Silbert, Delancey Street Foundation
- Henry Graham, ILWU Local 10,
- Jared Blumenfeld, San Francisco Department of Environment
- Maurice Cococcia, San Francisco Cruise Terminal, LLC
- William Norton, Bay Area Air Quality Management District
- Ed Smeloff, Public Utilities Commission
- Mitch Katz, Department of Public Health
- Gary Gregory, State Lands
- Wil Bruhns, Regional Water Quality Control Board

The initial meeting is scheduled for September 25 at the Port offices. The advisory groups will meet on a regular, on-going basis, at a frequency to be determined by the groups. Port staff will report back to the Commission as appropriate with the groups' recommendations of potentially feasible measures to address water and air quality impacts.

Mr. Dailey reported that the World of Resident Seas is in port today. Next month, there will be a ship every other day at Pier 35. 2003 is the busiest year the Port has had in 30 years and 2004 will be the busiest cruise ship year ever. Port staff has learned a great deal through this process. Staff looks forward to working with the environmental organizations to craft the best operating practices of any Port in the United States to be able to protect the bay and air quality and protect the economic benefit of the cruise ship industry in San Francisco.

Randy Zurcher, Bluewater Network, thanked the Commission and Port staff for their efforts in forming the air and water quality working groups. The composition of the groups is balanced. Representatives from the industry as well as people focused primarily on the environment are represented. The policy that the Commission adopted regarding the wastewater discharges is a great policy that will go a long way toward protecting the bay. With the air quality working group, they hope to see something that will mitigate the air pollution coming from the cruise ships. There is currently a State bill that could affect the policy. He hopes that we could figure out a way to require some kind of low sulfur fuel, a cleaner burning fuel that the ships can use when they come into the bay and sit at the port. Shoreside power is being used in Juneau, Alaska. A big plug gets plugged into the side of the ship and gets power from the City's electrical grid. The amount of people whose lives this will extend is unfathomable. To be able to plug the ships in and not leave the bunker fuel burning while the ships are at port will be beneficial to the health of San Franciscans. He encouraged the Commission to be active as they have high hopes for the advisory groups.

4. ENGINEERING

- A. Request for authorization to award Construction Contract No. 2675, Pier 52/54 Parking Lot Project, to Ghilotti Bros. Inc. (Resolution No. 03-59)

Project Manager Ken Chu presented the item and requested Commission's authorization to award Contract No. 2675 to Ghilotti Bros., Inc.

ACTION: Commissioner Alioto-Pier moved approval; Commissioner Bierman seconded the motion. All of the Commissioners were in favor; Resolution No. 03-59 was adopted.

5. REAL ESTATE

- A. Request for approval of Lease Assignment from North Coast Fisheries, Inc. to Next Seafood, Inc. (Resolution No. 03-60)

Senior Property Manager Phil Williamson presented the item and requested Commission's approval of the lease assignment from North Coast Fisheries, Inc. to Next Seafood, Inc.

Commissioner Hsu asked if there any changes in the terms of the lease. Mr. Williamson replied that the exact lease is being assigned over to Next Seafood in its existing form. The term remains the same; it expires in approximately a year and a half.

ACTION: Commissioner Alioto-Pier moved approval; Commissioner Bierman seconded

the motion. All of the Commissioners were in favor; Resolution No. 03-60 was adopted.

6. MARITIME

A. Request for approval of the First Amendment to Lease No. L-13002 with Hanson Aggregates Mid-Pacific, Inc. at Pier 94. (Resolution No. 03-61)

Maritime Director Peter Dailey presented the item and requested Commission's approval of the First Amendment to Lease No. L-13002 with Hanson Aggregates Mid-Pacific, Inc. The terminal agreement is subject to the mitigation measures of the San Francisco Waterfront Land Use EIR. The agreement will generate substantial cargo movement through Pier 94 with the corresponding economic benefit to the maritime industries and labor organizations.

Commissioner Hsu asked if the Real Estate Department has looked at this lease. Mr. Dailey replied that he has had conversations with the Director of Real Estate pertaining to this extension.

Commissioner Hsu asked if Real Estate has examined this lease. Mr. Dailey replied that that they have had discussions pertaining to the agreement and the basic parameters. It is a marine terminal agreement and it comes under the auspices of the maritime department. The City Attorney has reviewed the lease as well.

Commissioner Hsu asked about the outcome of his discussions with Mr. Winters. Mr. Dailey replied that he and Mr. Winters discussed the lease and as long as there is a consideration of the additional amount of monies for the option period for the extension, he thought it was a fair deal. It solidifies our maritime market and keeps occupied a piece of the Port that was vacant for a number of years and not generating any revenue. Mr. Winters confirmed that he supports the lease.

Commissioners Hardeman and Alioto-Pier thanked Mr. Dailey for a good job.

ACTION: Commissioner Alioto-Pier moved approval; Commissioner Bierman seconded the motion. All of the Commissioners were in favor; Resolution No. 03-61 was adopted.

B. Informational briefing regarding Port Security Assessment.

Maritime Director Peter Dailey indicated that the security of the nation's ports is of paramount importance in recent years. A great deal of requirements for our nation's ports are being placed upon port management nationwide to make sure that our ports are brought up to new standards as dictated by the federal government. There are 361 seaports in the nation. The federal government has deemed that many of these ports are of vital importance to the nation's economy. There are new mandates through the Maritime Transportation Security Act of 2002 that would put new requirements and new financial requirements for our operations.

Last year, the Port applied for and received \$500,000 grant from the Transportation Security Administration for a vulnerability assessment of port facilities. Through a

competitive process, Parsons Brinckerhoff (PB) was selected the most qualified of the 20 security consultants who responded to the RFP. David Spade is the project manager for PB who will provide the Commission a presentation. This will be followed in executive session by a second part of a security briefing for security sensitive information that is not by federal law allowed to be furnished in public session.

Mr. David Spade, retired Coast Guard Admiral and project manager at PB, indicated that they started the assessment in February and the goal was to prepare a comprehensive vulnerability, criticality and risk assessment for the entire 7.5 miles of the San Francisco waterfront. They want to improve security while maintaining the flow of commerce, recognizing that the income to the Port of San Francisco comes from the activities in the Port and if the security shuts down the Port, there wouldn't be an income. They worked with Port staff and Port tenants. Everybody cooperated fully with them during the assessment. They began the assessment in February 2003 by looking at three areas of the Port: (1) the cruise terminal, (2) ferry operations, and (3) cargo terminal. They expedited the assessment of those three areas to qualify for grant funding. They submitted the grant request on February 27 for those three facilities.

The scope of the work are as follows:

1. Initial consultation.
2. Port Security and Vulnerability Assessment. They assessed the highest vulnerabilities first: cruise terminal, ferry operations, cargo terminal and then assessed the remainder of the Port.
3. Threat and Risk Analysis. He will discuss this matter in detail in closed session.
4. Legislative and Regulatory Review. This is a very significant factor because there are things that are going to impinged on the Port and require the Port to do things. Unfortunately, the Port did not get any money for this. They are requirements that the Port has to do as part of the cost of doing business.
5. Security analysis and Mitigation Strategies. They came up with more than 270 recommendations that are enclosed in the draft report provided to Port staff.
6. Report Preparation. They have prepared the draft report and briefed Port staff on the results of the assessment.
7. Final Report and Briefing.

They used a risk based decision making model and their subcontractor, Applied Technology & Science Consulting, used a model called E-Leader software, which is the same model that the Coast Guard and TSA used when evaluating projects for grant funding. They submitted a grant request on February 27. The Port has been successful in getting a lot of money in Round 2. Round 3 grant request went in last week. Risk based decision making is a way to analyze risks where risks are the threat times vulnerability times the consequence. Threat is a measure of likelihood that a specific type of attack will be initiated against a specific target. Vulnerability is a measure of the likelihood that various types of safeguards against a scenario will fail. Consequence is the magnitude of the negative effects if the attack is successful. All three things are important especially the consequence. There are cases where there is a high threat but the consequence of the action is not that significant so it doesn't score very well in the model that TSA uses. The model is sensitive to things that affect a large number of people and have large economic consequences. For example, if somebody took control of a cruise ship and crashed it into

the Bay Bridge, the Golden Gate Bridge or the waterfront, it would score very high in terms of the economic consequences to the Port. Those are the types of situations that would receive high priority in terms of getting grant money.

Commissioner Alioto-Pier asked about situations that may not have huge economic impacts or hurt a lot of people but would publicly induce fear. Mr. Spade replied that it is part of the model. One of the things that were considered was a landmark. The Golden Gate Bridge, the Fisherman's Wharf, PacBell Park, the Ferry Building were taken into consideration in the model.

Mr. Spade indicated that Dr. Elahe Enssani, president of Applied Technology and Science, was very helpful in assessing the piers subsurface vulnerabilities. The piers are old and they are wooden planked piers overlying water along the San Francisco shoreline. They are all physically available 24 hours a day, 7 days a week by divers, swimmers, kayaks, small vessels, etc. They found an unidentified person underneath the pier, living on a raft and was asked to move to another location. There are very high currents in the vicinity and in the under-pier environment. It makes it hard for terrorists to take advantage of the under-pier environment but it is a concern. They have some recommendations that will be discussed in closed session.

Laws and Regulations:

1. International Requirements (ISPS Code). Part A of ISPS Code is mandatory. Part B is voluntary. The United States Coast Guard has made Part B mandatory for U.S. facilities. The international requirements apply to vessels greater than 500 tons. The U.S. Coast Guard has lowered it to 100 tons. It is not a practical significance because there aren't any vessels on international voyages that are in between 100-500 tons calling at the Port.

Commissioner Alioto-Pier asked if a 500-ton vessel calls at the Port of Oakland. Mr. Spade replied that they could be but basically, the Coast Guard applied their requirements to vessels that are 100 gross tons or larger. There aren't very many vessels between 100 and 500 tons.

Commissioner Bierman asked who's responsible for paying for the new and extra security.

Mr. Spade replied that the facilities are responsible for the cost and will cover this issue in more detail in the Port Security Grant Process.

Mr. Spade indicated that the ISPS Code establishes three maritime security levels (MARSEC). The MARSEC levels correspond with the color conditions that homeland security has. MARSEC Level 1 is yellow. MARSEC Level 2 is orange and MARSEC Level 3 is red. We have been at MARSEC Level 2 during the assessment period for various times, basically the same times when the nation was at level orange. The ISPS Code requires declarations of security for ship/facility interface. This is a new requirement. It has not been used that much but it will be increasingly required. For cruise ships, it's required at all MARSEC levels. At Pier 35, there will be declarations

of security every time a cruise ship comes in. For the other vessels, it's at MARSEC Levels 2 and 3 conditions. The declarations of security are the documents that explain who is going to do what for security.

Commissioner Alioto-Pier indicated that security actually changes. Mr. Spade replied that it changes based on the MARSEC level condition. Commissioner Alioto-Pier asked if there is a substantial financial difference between the levels and if that would be the only reason they don't always keep it on Level 3. Mr. Spade replied that there is a difference between the levels, not only financially but disruptive to the flow of commerce. One of the things that people have been concerned about is what the Coast Guard is going to require for ferries if it's on Level 3. Are they going to require people to go through screening for metal detectors like at the airport? Will they require the same thing for Bart, Amtrak, busses? It's a disruption for people's normal way of life. MARSEC Level 3 or condition red is a situation which cannot be maintained for a long period of time because it's economically disruptive to the flow of commerce.

2. Maritime Transportation Security Act of 2002 (MTSA). Congress passed this law which lays requirements on all the Port's and vessels operating in the United States. The MTSA implements ISPS Code for US ships and facilities. The MTSA requires ports and waterfront facilities to develop facility security plans by January 1, 2004. MTSA limits unescorted access to sensitive areas within ports to persons who have undergone background checks and who present a biometric Transportation Security Card. This requirement has not yet been implemented by regulations because they have not figured out what the biometric card is going to be in terms of its specifications. The law requires that people (such as truck drivers, stevedores, Port employees, vendors, etc.) have the biometric card or they have to be escorted when they come into the secured areas of the Port. This is going to be a significant economic and commercial disruption. It requires advance planning.

Commissioner Bierman asked who would pay for the cost of this new requirement. Mr. Spade replied that the facilities are going to pay for it but he expects that when they implement the Port security cards, the machines that will process the cards are covered under capital expenses. It will compete very well under the Port security grant program. It would be up to the U.S. Congress to determine whether they are going to appropriate the money for the program or not. He cannot recommend that the Port lobby Congress. The Port Security Grant Program that Congress established under MTSA permits funding of operating expenses; however, Congress is not using that part of the law. They are appropriating money under a different law so that they will pay for capital expenses but not for operating expenses.

3. Coast Guard Port Security Regulations issued July 1, 2003 is an integrated approach to implement the ISPS Code and comply with MTSA. It is applicable to facilities that handle vessels greater than 100 gross tons on international voyages and facilities that handle vessels with more than 150 passengers. This would include all the ferries such as Hornblower vessels, Red & White vessels, Blue & Gold fleet. There are a lot of things of requirements for the owner/operator. The Port of San Francisco is the owner/operator of the ferry landings. The Port will be responsible for implementation of the regulations and the cost will come out of the existing Port budget.

Commissioner Alioto-Pier asked about the cost to the Port. Mr. Spade replied that in terms of the operating costs, it would cost approximately \$500,000 to \$1 million, not including the cost of the biometric cards. He recommends that the Port hire a full time security officer (\$100,000 a year). It would probably take about 5-10 years of staff effort to do the additional security job on top of their regular duties. This only includes the operating cost. There will be cost for increased patrols for the San Francisco Marine Unit.

Commissioner Alioto-Pier asked if he has a break down of the costs to the Port. Mr. Spade replied that he has an idea what they will cost and offers a lot of recommendations. They will probably focus on getting the federal money for the things that the Port would be qualified for.

Commissioner Alioto-Pier stated that there will be a list of things that is going to cost the Port. Mr. Dailey and his staff will try to get them into the next round of grant funding. Mr. Dailey indicated that there's a lot of new costs in mandates to the Port. The American Association of Port Authorities have been very concerned about unfunded mandates and there are ongoing lobbying efforts at the federal level to make sure more money comes to the Port. Port staff, with PB's recommendation, sent a letter on the third round of TSA grant funding to Port tenants who will be impacted by this new regulation such as Red & White, Golden Gate, Pier 39, Blue & Gold, Hornblower, Marine Terminals, Metropolitan Stevedore, etc. suggesting that the responsibility for security enhancements are going to rest on their shoulders. The Port has to shoulder a lot of the expenses and the Port has to turn to its customers for a lot of the expenses/costs and hoist the responsibility onto them. To date, Red & White, Golden Gate and Hornblower have received some monies in the second round of grant funding. There are a lot of mandates on the Port and we need to emphasize to our customers that they need to get active too. They need to apply for funding. The Port has been very successful in getting money. In the last grant funding, there were 1136 applications, 198 grants were given out. The Port of San Francisco was one of the ports who received a large amount of money.

Commissioner Alioto- Pier asked if the Port has a security committee or an advisory group. Mr. Dailey replied affirmatively. Port staff, after September 11th, formed a Port security committee that encompasses every department of the Port and have had discussions with the San Francisco Police Department, U.S. Coast Guard and have met on a regular basis to review security related issues. In a nutshell, the Port has been very concerned about environmental and safety compliance. Security now moves up to a level that every major issue the Port deals with will include a security component. It will be analyzed from a security standpoint. It's a daunting task and with PB's blueprint, the Port is in good shape to move forward.

Mr. Spade indicated that there are additional requirements for passenger and ferry facilities as well as cruise ship terminals. A lot of the focus of this assessment was on Pier 35 but he also has recommendations for the new cruise ship.

In the Port Security Grant process, it would pay for only the capital type of projects. Under MTSA, it establishes a port security grant program run by MARAD and adds

25 percent local match requirement and permits grants for operating costs if USCG validates. However, Congress is not following MTSA procedures to appropriate under the grant program. They are going back to round 1 grants which were done before MTSA was passed. It only permits capital costs, not operating costs. The appropriations committee directs funds to TSA not MARAD and there is no 25% local match required.

Commissioner Alioto-Pier asked why they are not doing it under MTSA. Mr. Spade replied that in his opinion, it's expensive. Commissioner Alioto-Pier asked why pass the act if they are not going to do it. Mr. Spade replied that Senators Feinstein, Boxer, and McCain would agree as well. The appropriations committee are different members than the authorizing committee that passed MTSA. They have different prerogatives. The appropriations committee is the appropriations committee for homeland security. The authorizing committee are the people that are in charge of transportation and MARAD. MTSA says that MARAD does the grant program. The appropriations committee says TSA does it. TSA is under homeland security. MARAD is under transportation. There are different committees in Congress that are in charge of it. The people who vote the money voted for the things that they control. The appropriations committee controls homeland security and Coast Guard and TSA. They give the money to TSA and Coast Guard. A different committee controls MARAD.

Commissioner Bierman asked if the different agencies such as the airport and the port will be working together or do their own planning. Mr. Spade replied that each department will have to do their own planning. TSA is coordinating both. There have already been fights about money that Admiral Loy, TSA's administrator, had wanted to reprogram that had been appropriated for maritime work to aviation. Congress told him he could not do it. There are different constituencies for the airport and the port. The airport and the maritime port are in two different organizations.

Mr. Spade indicated that a lot of money has been appropriated this year. The Port received money in Round 2. The grant request for Round 3 was submitted on August 21st. The House and the Senate still have not passed the appropriation bill. There will be between \$100 to \$150 million available. He expects that they are going to use Round 1 rules. In the Round 2 grants, the Port requested for \$3.5 million for the cruise terminal. The Port received \$3.15 million from the federal grant and the Port's cost share is \$350,000. That cost share is administrative burden. That money is not free. Although the Port received \$3.15 million, it laid out a lot of burden on Port staff over and above what they are already doing. The Port did not get extra staff to do that \$350,000 worth of effort. The Pier 80 cargo terminal received \$100,000 out of the \$600,000 request. The Port in round 3 has requested for the other \$500,000. For the ferry terminals, the Port asked for \$250,000 and received federal funds for \$225,000.

In conclusion, Mr. Spade indicated that staff has been attentive to security concerns. He recommended that the Port should designate a full-time security officer. TSA and the Coast Guard are sensitive to politics in the Port Security Grant process. He cannot recommend that the Port lobby them. Execution of grant funding puts an administrative burden on Port staff. The Port has to implement the projects out of its existing resources. Preparation of facility security plans will tax Port staff and its

tenants. The Port will be responsible for the plans at the ferry terminal. They will have to ensure that the facility security plans for the cruise terminal, Pier 80, Pier 54, Pier 92, Pier 94 are conducted. The security measures are unfunded. He will discuss his recommendations for increased waterside patrols in closed session. He recommended that the Commission talk to the City & County of San Francisco about getting increased patrols by the San Francisco Marine Unit. He recommended that the plans for the new cruise terminal consider security. Part of his background for the security assessment was a visit to the three cruise terminals in Florida. The most expensive terminal to secure was the newest terminal that had been designed with public access in mind before security was a big deal. It's the most expensive to secure because it wasn't designed with security in mind. He suggested that a security expert look at the design and make recommendations on the operating cost for maintaining the security of the new terminal.

Commissioner Alioto-Pier asked Mr. Spade if he looked at the security plans for the cruise terminal. Mr. Spade replied that he has but the plans are very general. Commissioner Alioto-Pier indicated that in her discussions with the cruise ship development team, she was told that they had brought up security concerns. Mr. Spade replied that he's not disputing that fact. He's recommending that the Commission make sure that the security of the terminal be an important factor in the planning process because of the high operating cost of security.

Mr. Spade indicated that biometric transportation security cards are forthcoming. The cards will imply a lot of things in terms of workforce, truckers, equipment, designated secured areas, etc. The Port has to plan for it.

Mr. Spade indicated that the draft report has been provided to Port staff for review and comment. The vulnerabilities and recommendations of the report are security sensitive information and will be discussed in closed session. Port and Coast Guard's comments on the draft report are due by the end of August but was extended to the middle of September. They intend to submit the final report by the end of September after incorporating the Coast Guard and Port written comments.

Commissioner Alioto-Pier asked about the transportation security cards with biometric verification. She asked if there is a specific company that has the contract or does the Port have a choice of companies. Mr. Spade replied that right now there is a test project going on in Los Angeles/Long Beach and in the Delaware River Valley. They are trying out several different contractor cards and seeing if there are practical difficulties of using them and getting them to the truckers, the vendors, the ILWU workforce that are using the Port.

Commissioner Alioto-Pier asked about the cost of the cards. If there are a couple of different companies vying for business, products have a tendency to be cheaper and have a tendency to have better quality. She wondered if Mr. Spade knew if the competition end of it is going to be taken out and whether or not the ports will have a choice. Mr. Spade replied that he thinks that TSA will issue standards for the cards. They have a working group that has been discussing this issue for over a year and are being contacted by numerous vendors offering their services. This is going to be a

huge contract. He cannot predict how it's going to come out but there's lot of people with lots of money that are trying to influence the outcome which is one of the reasons that it isn't going to happen as fast as other people might think it would. The better competition you get, the more likely you're going to have a cheaper product. It's going to be widespread. This is the issue for passports and visas too.

Commissioner Bierman commented that this is a very important issue but we can't just look at one problem of security in the City. We have to look at the City's needs in general. Police, fire, etc. are all applying for grants. This is a result of that one incident in New York or may be there have been many problems. The City should not get a certain paranoia about it and let other things slide that affect people's lives and their day-to-day needs. These grants would probably not conflict with grants solving social issues and not just security issues. Senators Boxer and Feinstein would probably be lobbying for federal money. Mr. Spade concurred with Commissioner Bierman but he is prohibited from recommending that. Commissioner Bierman indicated that we all have the task of prioritizing for fear. Mr. Spade concurred with Commissioner Bierman and added that during the course of assessment they have worked with the Port and the City Emergency Preparedness staff on the grants that have been received for first responder and other kinds of training to make sure that the Port was able to participate in getting some of that money as well as for their exercise programs and to have coordination for who is responsible for first response-type issues at the Port.

Commissioner Bierman mentioned about the tragedy when our Mayor was killed and how hard and expensive it was to protect.

The Commissioners thanked Mr. Spade for his presentation. Commissioner Hardeman commented that Mr. Spade presented a very good analysis of the situation and a very good report.

7. NEW BUSINESS/PUBLIC COMMENT

Ernestine Weiss asked how soon will construction begin on Piers 1- ½, 3 & 5 and what sort of noise they are going to expect. She also asked when the Ferry Building will be fully occupied.

Commissioner Hardeman indicated Executive Director Doug Wong had to leave for a meeting with the Mayor of Taipei. Mr. Dailey will provide the answers to Ms. Weiss's questions.

Commissioner Alioto-Pier requested that the answers to the following questions be included in the staff report that staff will be presenting to the Commission at its September 9th meeting regarding the operating budget:

- Why did the Board reduce the operating budget by \$400,000? Why did they turn around and add a new item for \$300,000 to pay for a management audit?
- Why did they add an additional \$400,000 to the capital budget? It was her understanding that they did it specifically for environmental justice but she'd like to know what exactly they mean by that and why they felt the need to do it.
- Why doesn't the Board competitively bid out the management audit? She understands that it's costing the Port \$300,000 because we are using someone specific that the Board chose.

She'd like to know why the management audit was not competitively bid out.

Mr. Dailey replied that he will relay the Commissioner's request to the Executive Director and the Deputy Director of Administrative Services.

Commissioner Hardeman ended the meeting in memory of two Bobby's who died last week. One is a friend of his, Bobby McDonnell, Golden Gate Bridge Director for the past 22 years who was dedicated to the expansion of ferry boats, retired 1999 Secretary/Treasurer of the San Francisco Laborers Union #261 and Bobby Bonds, San Francisco Giants Baseball Legend and father of our beloved Barry Bonds.

8. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Alioto-Pier moved approval; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

At 4:35 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER (Discussion Item)

- a. Discussion and approval of proposed settlement of existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):
- As Plaintiff: The Port has asserted a claim for damages and/or indemnification against Nationwide Auction Services for legal fees and costs incurred in the January 13, 2001 auction sale of Drydock #1. Consideration and/or approval of proposed settlement of the Port's claim for \$13,431.00, in exchange for a full and final release of claims. A copy of the proposed litigation settlement agreement is available for inspection with the Commission Secretary for the Port, pursuant to San Francisco Administrative Code Section 67.12(b)(3).

(2) CONFERENCE WITH LEGAL COUNSEL AND SECURITY CONSULTANT REGARDING THREAT TO THE SECURITY OF PUBLIC BUILDINGS AND ESSENTIAL PUBLIC SERVICES.

- Conference with security consultant Parsons Brinkerhoff and legal counsel regarding security vulnerability assessment of Port property and facilities, pursuant to California Government Code Section 54957(a).

- (3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Pier 50 and Pier 96
Person Negotiating: Port: Peter Dailey, Director of Maritime
*California Sealift Terminals, Inc.: William Bergsteiner, President
- b. Property: Pier 70/SWL 349
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*PUC: Ed Smeloff, Asst Gen Mgr., Power Policy, Public Utilities Commission
(This item was taken off the calendar.)

9. RECONVENE IN OPEN SESSION

At 6:15 p.m, the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Alioto-Pier moved approval to adjourn executive session and reconvene in open session; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Alioto-Pier moved approval of the proposed settlement of the Port's claim against Nationwide Auction Systems, as described in the agenda for today's meeting, and as discussed in Executive Session. Commissioner Bierman seconded the motion. All of the Commissioners were in favor; the proposed settlement was approved.

ACTION: Commissioner Alioto-Pier moved approval to not disclose any other information discussed in executive session; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Alioto-Pier moved approval to adjourn the meeting; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

10. ADJOURNMENT

The meeting was adjourned at 6:17 p.m.

SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

3:00 P.M., TUESDAY, SEPTEMBER 9, 2003

PORT COMMISSION HEARING ROOM, 2ND FLOOR

FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

AGENDA

DOCUMENTS DEPT.

SEP - 4 2003

SAN FRANCISCO
PUBLIC LIBRARY

1. ROLL CALL

2. APPROVAL OF MINUTES - August 26, 2003 Regular Meeting

3. EXECUTIVE

A. Executive Director's Report

4. CONSENT

A. Request for acceptance of the Degenkolb Report and approval of rent credits for repairs and maintenance, to include removal of the tower located on the northeast corner of the premises, otherwise the obligation of the Port, undertaken by Sanitary Fill Company, Inc. at Pier 94-96 pursuant to Lease No. L-12540. (Resolution No. 03-62)

5. ENGINEERING & MAINTENANCE

A. Informational presentation regarding the Port of San Francisco's ADA Title II Self Evaluation and Transition Plan.

6. MARITIME

A. Request for approval of a one-year berthing agreement with four one-year options with California Sealift Terminals, Inc. to layberth four Ready Reserve Vessels belonging to the U.S. Maritime Administration. (Resolution No. 03-63)

7. ADMINISTRATIVE SERVICES

A. Request for approval of Revisions to Annual Operating Budget for Fiscal Year 2003/2004. (Resolution No. 03-64)

- B. Informational Briefing regarding changes to the Commission approved Capital Project De-funding.
- C. Informational Presentation by the San Francisco Fire Department regarding the fire boat operations. (Verbal Report; no staff report prepared for this item.)

8. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

9. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion Item)

- a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 Cases):
 - F. Alioto Company, Inc. et al. v. City & County of San Francisco, et al., Superior Court Petition CPF 03-503016. (Discussion Item)
 - Paul D. Roger v. Alex Lee, City and County of San Francisco dba Port of San Francisco, et al. (U.S. District Court, N.D.Ca. C025956 CJS), filed December 27, 2002. (Discussion Item)
- b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Defendant)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Pier 70/SWL 349
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*PUC: Ed Smeloff, Asst Gen Mgr., Power Policy, Public Utilities Commission

Under Negotiation: _____ Price _____ Terms of Payment ☒ X _____ Both
An executive session has been calendared to give direction to staff regarding
real estate negotiations for Port property located at Pier 70 at Seawall Lot 349.

10. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

11. ADJOURNMENT

SEPTEMBER/OCTOBER 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
September 9	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
September 23	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building
October 14	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building August
October 28	3:00 p.m.	Port Commission	Port Commission Room @ Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. Effective June 24, 2003, the Port Commission meetings will be held in the Port Commission Hearing Room located on the second floor of the Ferry Building. Contact Amy Quesada at 274-0406. *The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.*

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 - 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at www.sfport.com.

ACCESSIBLE MEETING INFORMATION

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
- C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. and Drumm St.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine.htm>

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.



MEMORANDUM

September 4, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director 

SUBJECT: Acceptance of Degenkolb Report and Approval of Rent Credits, Otherwise the Obligation of the Port, for Repairs and Maintenance, to Include Removal of the Control Tower on the Northeast Corner of the Premises, Undertaken by Sanitary Fill Company, Inc., Pier 94-96 Pursuant to Lease No. L-12540

DIRECTOR'S RECOMMENDATION: Acceptance of Degenkolb Report and Approval of Rent Credits to Sanitary Fill Company, Inc. for Repairs at Pier 94-96, Otherwise the Obligation of the Port

BACKGROUND:

By the Fourth Amendment and Restatement of Lease No. L-12540, dated June 12, 2002, the Port Commission approved a twenty-five (25) year lease extension with Sanitary Fill Company, Inc. for 195,281 square feet of Shed Space, and 201,626 square feet of Paved Yard at Pier 96 for the operation of a wastepaper/dry fiber/plastics and glass recycling and maritime transshipment facility.

Sanitary Fill Company, Inc.'s current rent obligation under Lease No. L-12540 is \$87,882.35 per calendar month, for a total amount of \$1,054,588.20 per year.

Pursuant to Section 1.9 of Lease No. L-12540, the Port's repair obligations under the Lease are limited to maintenance of the Pier 96 Lighter Shed roof and walls in watertight condition during the first five years of the Lease (August 1, 1998 through July 31, 2003).

THIS PRINT COVERS CALENDAR ITEM NO. 4A

Sanitary Fill Company, Inc. commissioned an engineering survey/report, through Degenkolb Engineers, which identified \$271,198 of Port required repairs (inclusive of the Port's pro-rata share of the report). The repairs identified in Degenkolb's report were reviewed and cost-engineered by Port engineering staff.

Because of limited personnel, material and fiscal resources, the Port is unable to affect lease required repairs to the Pier 96 Lighter Shed. Meanwhile, Sanitary Fill Company, Inc. has offered to conduct the required repairs on the Port's behalf in exchange for a rent credit.

Because Lease No. L-12540 does not provide for a rent credit, Port staff has determined that a rent credit of this significance (\$271,198) should be reviewed and approved by the Port Commission. Pursuant to the terms of the Lease, if approved, the rent credit will be applied against Sanitary Fill Company, Inc.'s monthly rent obligation at a rate not to exceed one fourth ($\frac{1}{4}$) of the Base Rent ($\$271,198 \text{ credits} \div \$21,970 \text{ } (\frac{1}{4} \text{ of base rent}) = 12.34 \text{ months}$).

RECOMMENDATION:

Port staff recommends that the Port accept the Degenkolb Report and approve a rent credit in the amount of \$271,198 to Sanitary Fill Company, Inc. to satisfy the Port's maintenance obligation pursuant to Paragraph 1.9 of Lease No. L-12540.

Prepared by: Elliott Riley, Senior Property Manager

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-62

- WHEREAS, Charter Section B3.581 grants the Port Commission the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and
- WHEREAS, by a Fourth Amendment and Restatement of Lease No. L-12540, dated June 12, 2002, the Port Commission approved the terms of Lease No. L-12540 with Sanitary Fill Company, Inc.; and
- WHEREAS, Section 1.9 of Lease No. L-12540 provides for the Port to maintain the roof and exterior walls of the premises; and
- WHEREAS, Sanitary Fill Company, Inc. commissioned an engineering survey/report through Degenkolb Engineers, which identifies \$271,198 in Port required repairs; and
- WHEREAS, the Port is unable to perform these Lease required repairs due to a lack of manpower and financial resources; and
- WHEREAS, Sanitary Fill Company, Inc. has offered to conduct the repairs delineated in the Degenkolb Report, which would otherwise have been the obligation of the Port, in exchange for a rent credit; NOW, THEREFORE, BE IT
- RESOLVED, that the Port Commission hereby approves the issuance of a rent credit in the amount of \$271,198 to Sanitary Fill Company, Inc. to be applied against repairs completed by Sanitary Fill Company, Inc., which would otherwise have been the obligation of the Port, pursuant to Section 1.9 of Lease No. L-12540. The \$271,198 rent credit will be applied against Sanitary Fill Company, Inc.'s Base Rent at the rate of one fourth (1/4) of the monthly Base Rent until the credit is retired.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2003.

Secretary



MEMORANDUM

September 3, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly K. Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Susan J. Bierman
Hon. Wilfred W. Hsu

FROM: Douglas F. Wong *[Signature]*
Executive Director

SUBJECT: Informational Briefing on the Port of San Francisco's ADA title II Self Evaluation and Transition Plan, September 2003 Re-Evaluation

DIRECTOR'S RECOMMENDATION: FOR INFORMATION ONLY, NO ACTION REQUIRED

Summary: Port of San Francisco staff is commencing with a project to reassess its accomplishments and continuing obligations to comply with the Program Access and Transition Plan requirements of Title II of the Americans with Disabilities Act (ADA).

Key Definitions:

Title I	ADA's requirements for employment
Title II	ADA's requirements for State and Local Government accessible services, programs and activities, including public rights-of-way, transportation and WEB site access
Title III	ADA's requirements for (Commercial) Public Accommodations' provision of accessible goods, services, facilities, privileges, advantages or accommodations
Self Evaluation	An assessment of the methods and means that a Title II Entity uses to provide accessible services, programs and activities to the general public.
Program Access	A Title II Entity's policies, procedures and methods to deliver accessible services, programs or activities to the general public
Transition Plan	A plan to conduct structural alterations to facilities as required when the services, programs or activities cannot be relocated to accessible facilities or some other form of accommodation cannot be made to make these items accessible to the general public

This Print Covers Calendar Item No. 5A

Background

In January 1992 the Americans with Disabilities Act was enacted by Congress and signed into law by President George Bush Sr. Title II of the ADA created obligations on state and local governmental agencies (public entities) to conduct a Self-Evaluation on the accessibility of their services, programs and activities, and where necessary, develop a Transition Plan to bring facilities into compliance with the accessibility provisions of the Act. A public entity was given several options for developing Program Access that when viewed in its entirety, is readily accessible and usable by individuals with disabilities.

These options included:

- 1) Reasonable modification of policies and procedures;
- 2) Redesign of equipment;
- 3) Reassignment services to accessible buildings;
- 4) Assignment of aids to beneficiaries;
- 5) Home visits;
- 6) Delivery of services at alternate accessible sites;
- 7) When determining the site or location for a facility, make selections that do not tend to discriminate;
- 8) Conduct alteration of existing facilities to become accessible; and
- 9) Conduct construction of new accessible facilities.

In addition, Title II required that public entities comply with the Act's provisions for:

- 1) General prohibition against discrimination;
- 2) Designation of a responsible employee to coordinate its efforts to comply with the Act;
- 3) Develop a grievance procedure for prompt and equitable resolution of employment, facility and Program Access complaints;
- 4) Maintain accessible features;
- 5) Comply with Title I ADA prohibitions of discrimination in employment;
- 6) Ensure that its new construction and alterations comply with the ADA's accessibility guidelines;
- 7) Provide auxiliary aids, services and communication technology for people with hearing or visual disabilities;
- 8) Provide accessible transportation facilities and services as applicable; and
- 9) Install curb ramps at newly constructed or altered streets, roads, and highways.

Title II of the ADA does not necessarily require a public entity to make each of its facilities accessible to and usable by individuals with disabilities. It does not require a public entity to take any action that would threaten or destroy the historic significance of an historic property. It does not require a public entity to take any action that it can demonstrate would result in the fundamental alteration of the nature of the service, program or activity, or in undue financial and administrative burdens. Title II does require that the public entity take any other action that would not result in such an alteration or such burdens but would nevertheless ensure that individuals with disabilities receive the benefits or services provided by the public entity.

More than a decade has passed since the passage of the ADA. The Port has changed and evolved in many ways through changes to its mission, programs, services, and facilities. The ADA's accessibility guidelines (ADAAG) and the California Building Code are on the verge of

undergoing significant change. These changes may impose dramatic impact on many of the Port's existing services, programs, activities and facilities, and on all of the its planned projects. Therefore the Port staff have embarked on a project to re-evaluate its Title II obligations for Self-Evaluation, Program Access and Transition Plan activities.

THE PORT'S SELF EVALUATION AND TRANSITION PLAN ACTIVITIES TO DATE

The Port embarked upon a wide variety of measures to make its services, programs and activities accessible. It proceeded with numerous projects to alter existing facilities or constructed new facilities that equaled or exceeded the requirements of the ADA and accessibility requirements of the San Francisco Building Codes. Additionally, it provided permit review and approval services to ensure that facilities altered or newly constructed by Port sub-landlord and tenant leaseholders were in compliance with the accessibility provisions of the California Building Code.

Initially Port staff surveyed the Ferry Building and adjacent areas in mid 1992. This resulted in a Transition Plan with:

Stage 1, structural repair of the Ferry Building with a target completion of winter 1994, and Stage 2, Disability Access and Strengthening with a targeted completion of fall 1997.

Included within this project were the following:

- Dedicating a responsible staff person for ADA coordination, including management of grievance procedures;
- Modify policies and procedures for accessible Public Meeting and Hearings
- Pier ½ Ferry Terminal Alteration;
- Area Development improvements around Ferry Terminal Building;
- Improvements to Ferry Terminal aquatic transportation;
- Northern waterfront pier gangway and Hyde Street Pier access;
- Pier 35 Passenger Terminal alterations;
- Northern Waterfront Improvements, including public rights of way, transportation facility, open space and pedestrian paths; and
- Southern waterfront improvements, including areas about the new baseball stadium, public rights of way, transportation facility, open space and pedestrian paths.

As its program for rehabilitation and modernization developed, the Ferry Building's accessibility work underwent a significant increase in scope and value. The demolition of the Embarcadero Freeway, expansion of MUNI light-rail and trolley lines and other alteration projects provided opportunity to greatly improved accessibility and usability throughout Port properties. These projects have provided a higher level of accessibility than what could have been accomplished through conventional Transition or Architectural Barrier Removal plans.

As part of a citywide 2001 Self-Evaluation and Transition plan project, the Port's facilities were reassessed for accessibility and potential barrier removal activities. Since this report, the Port has come to understand that its responsibilities and obligations vary differently when the Port functions as an ADA Title I, Title II or Title III entity. In addition, due to development agreements, lease terms with tenants or Memos of Understanding with other City agencies, the responsibilities may be shared or wholly assigned to the other party. Some of the recommendations of the 2001 Transition Plan need to be re-evaluated.

CHANGE

Concurrent with this time period, the US Access Board has gone through the process of developing new Federal Rule-Making to expand the ADA's Accessibility Guidelines to other areas outside of conventional building uses. New ADA guidelines make new ADA obligations for barrier removal on existing conditions.

The completed, guideline developments are:

- Children's environments;
- Playgrounds and Waterparks;
- Fishing Piers, Boat Docks and Landings;
- Indoor and Outdoor Sport facilities;
- Amusement Rides;
- Accessible WEB Sites.

The portions that are near complete include:

- Outdoor recreational facilities;
- Public Rights of Way, including crosswalks, passenger loading zones and bus stops;
- Passenger and recreational marine vessels;
- A comprehensive reorganization and revision to the ADA's accessibility guidelines, including changes to retail, hotels and all forms of assembly.

In parallel the Model Building Codes, technical standards and accessibility standards are undergoing a new cycle of revisions. The primary goal is to harmonize requirements to those proposed by the US Access Board. The State of California has begun the process to revise or replace its state building code with one of the advanced, Model Building Codes. This change is planned for completion within two years (2006 code cycle). Several of the recent building code errata and changes are now being cited in state level accessibility-grievance claims on existing buildings and facilities around the state.

Note that the Port will evaluate these changes, but will not recommend any action until it completes its study for a final adoption of the San Francisco Building Code and the development of the new Transition Plan.

In summary these changes to the landscape of accessibility could have tremendous impact on the Port of San Francisco's current facilities and proposed development projects.

THE RE-ASSESSMENT AND EVALUATION PROJECT

The Port of San Francisco has matured as a Title II Program Access provider. It has accomplished a great amount of accessibility for the general public and its staff. Also it recognizes that the pending changes to federal and state accessibility requirements must be met head-on, and properly managed. Therefore it has decided to conduct a reassessment of its Title II ADA Self-Evaluation and Program Access activities. This may result in a realignment of its Transition Plan, staff educational programs and Program Access policies and procedures.

The project has an anticipated and ambitious 6-month schedule. The following are key milestones:

Sept 2003	Assemble SF Port Accessibility Committee, public participation
Sept thru Oct 2003	Assemble first drafts of Self-Evaluation; conduct internal reviews
Nov 2003	Initial Public Workshop and first review of draft reports
Nov 2003 thru Feb 2004	Draft revisions, reviews and development of Transition Plan
Feb thru March 2004	Commission review, approval and adoption of building code

Port ADA Coordinator. The Port's new ADA Coordinator, John Paul Scott, AIA will serve as the designated responsible employee to manage this project.

Port Staff Team (PST). The PST is assigned to advise and work on the project. Their primary function is to evaluate proposals for feasibility of development and execution. The Port Staff Team is composed of key personnel whom represent each of the Port's functional departments.

Port Staff Team (PST). The PMT is assigned to review project proposals and recommendations. Incremental drafts of the report will be issued to the Port Staff and Port Management Teams for review and input.

Port Staff Team (PST). Title II of the ADA requires the involvement of interested persons including individuals with disabilities or organizations representing individuals with disabilities. The SFPAC will be assembled for this purpose. A **Program Access Consultant** will serve as a public participation recruiter, consultant and facilitator. Recruitment has begun to select and include Port tenants and Advisory Committee partners within the SFPAC membership.

Mayor's Office on Disabilities. The MOD will provide peer review over the process. Staff has worked closely with the MOD to develop this program and schedule. A minimum of one member of the **Mayor's Accessibility Council** will be invited to serve as liaison to the public process.

Port Commission. We request that a minimum of one of the Port Commissioners volunteer to serve as liaison and facilitator to the SF Part Access Committee during the workshop and subsequent product review meetings.

When completed, the Self-Evaluation and Transition plan will be submitted for the Port Commission's review and approval. The final Self Evaluation and Transition Plan report must be made available to the general public for a period of three years. After Commission approval, the Port staff and ADA Coordinator will proceed to implement any modification of policies and procedures, training programs and/or Transition Plan elements identified during the self-evaluation.

Prepared by John Paul Scott, AIA, ADA Coordinator and Architect for
Nieret Mizushima, Chief Harbor Engineer, Port of San Francisco



MEMORANDUM

September 3, 2003

TO: MEMBERS OF THE PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto
Hon. Susan Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director *DW*

SUBJECT: Approval of a one-year Berthing Agreement and Lease No. L-13533 with four one-year options with California Sealift Terminals, Inc. to layberth four vessels belonging to the U.S. Maritime Administration.

DIRECTOR'S RECOMMENDATION: APPROVE BERTHING AGREEMENT AND LEASE No. L -13533 WITH CALIFORNIA SEALIFT TERMINALS, INC.

BACKGROUND

The United States Department of Transportation, acting through the Maritime Administration ("MARAD") operates and maintains a fleet of cargo ships of various types for use by the Department of Defense in the event a sealift of military equipment is required for national security.

These ships are maintained in a ready status at various locations in the U.S. They are manned by crews whose duty is to keep the ships in a readiness condition so that they are able to be fully crewed and ready to load cargo within 96 hours of notice of activation.

In 1998 the Port of San Francisco entered into a series of five one-year berthing agreements with California Sealift Terminals Inc (CSTI), who was the successful bidder of a U.S. Maritime Administration solicitation to provide layberthing operations in California for six ready reserve fleet ships. This series of berthing agreements expired this summer.

A new solicitation, DTMA1B03002, was opened by the Maritime Administration in April of this year to provide layberthing operations for ready reserve ships on the entire U.S. West Coast.

This Print Covers Calendar Item No. 6A

CSTI submitted a bid to provide layberthing services for four ships at the Port of San Francisco. They were the low bidder for this solicitation to provide layberthing for four ready reserve ships to be located at Pier 50 and 96. In order for berths to meet the MARAD bid requirements, capital improvements will need to be made. CSTI will be responsible for all capital improvements to the piers including electrical, water, sewer, fendering, security and dredging.

Berth Locations

- Pier 50, two berths, three ships and approximately 92,000-sq. ft. of apron.
- Pier 96, one berth, one ship and approximately 63,000 sq.ft. of apron.

Proposed Berthing Agreement and Lease

CSTI's contract with the government will be for five one-year periods renewable annually by MARAD. CSTI will pay the Port \$401,500 per year for the three berthing sites. In event that the government cancels part of the contract for an individual ship or ships, the rent will decrease by a proportional amount. The Port will retain the improvements to the piers made by CSTI.

This lease differs from the standard lease parameters in that the rent is based on a daily, per ship rate of approximately \$275 per day but it includes defined space that equals .49 cents per square foot. Also if necessary the Port will continue to hold the rights to terminate this contract for any Port projects and refund the cost of any unamortized improvements back to the tenant.

Prior to awarding the contract, CSTI must demonstrate that it has a legally enforceable right to the possession of the facilities to provide layberthing services. This lease and berthing agreement will provide that right to possession. In the event CSTI is denied this contract, the lease becomes void.

In the lease and berthing agreement, CSTI is granted the right to occupy the premises on the day that the government issues a notice to proceed expected to be about October 15th 2003. This will enable CSTI to commence construction on the necessary berth improvements. Rent accrual will not commence until 120 days later, when the first ship is expected to be assigned to CSTI.

Staff recommends approval of the berthing agreement and lease with CSTI in substantially the form attached hereto and consistent with the financial terms set forth above.

Prepared by: Peter Dailey, Maritime Director

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-63

- WHEREAS, Charter Section B 3.581 empowers the Port Commission with the power and duty to use, conduct, maintain, manage, regulate and control the Port area of San Francisco: and
- WHEREAS, under Charter Section B 3.581(g) leases and franchises granted or made by the Port Commission shall be administered exclusively by the Port Commission; and
- WHEREAS, the Port desires to enhance its position in the Bay Area maritime industry; and
- WHEREAS, Port staff has worked closely with the U.S. Maritime Administration and California Sealift Terminals, Inc. to provide layberthing services for four ready reserve ships; and
- WHEREAS, California was the low bidder for the Maritime Administration solicitation No DTMA1B03002; and
- WHEREAS, to be awarded the layberthing contract by MARAD, California Sealift Terminals, Inc. must demonstrated that it has right to possession of the three Port of San Francisco berths; and
- WHEREAS, Port staff believes that this layberth agreement and lease provides additional maritime business for San Francisco, assisting not only the Port but many of its harbor services and ship repair customers;
- WHEREAS, the project has been reviewed under CEQA and it has been determined that the project will have no adverse physical effects on the environment; and, now, therefore be it
- RESOLVED, the San Francisco Port Commission hereby authorizes staff to complete negotiations with California Sealift Terminals, Inc. and enter into a berthing agreement and lease in substantially the form attached incorporating the financial terms described in the Memorandum for Agenda Item 6A for the September 9, 2003 Port Commission meeting and hereby authorizes the Executive Director of the Port to execute the same on behalf of the Port.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 9, 2003.

Secretary



PIER 96 MOORING PLAN

[illegible]CAPE H - MOORING LINE TABLE

DATE	TIME	STATION	TYPE	REMARKS
1-1	1-1	1-1	1-1	1-1
1-2	1-2	1-2	1-2	1-2
1-3	1-3	1-3	1-3	1-3
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1-5	1-5	1-5	1-5	1-5
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1990-1991

Barnes Engineering Company, Inc.
Structural • Marine • Bulk Handling

O. BOX 55726, 119 ROSWOOD DRIVE
METAIRIE, LOUISIANA 70055
(504) 816-7772 (504) 835-0835 (FAX)

WRAMBY
D.P.

U.S.
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31435

CALIFORNIA SEALIFT TERMINALS

McGladrey Layberth Facility

PIER 96 SITE PLAN - CAPE H MOORING

SAN FRANCISCO

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CALIFORNIA

REVIEW ONLINE

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MEMORANDUM

September 3, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director *DW*

SUBJECT: Revision to the Port's Fiscal Year 2003/04 Operating Budget

DIRECTOR'S RECOMMENDATION: APPROVE REVISIONS TO ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2003/04

At the January 28, 2003 meeting, the Port Commission approved the proposed FY 2003/04 Operating Budget. This proposed budget was submitted to the Mayor and the Board of Supervisors for their review and approval. During this process, substantial changes were made to the budget. We are now bringing this Revised Version of the FY 2003/04 Operating Budget before you for your approval.

The changes to the budget are summarized in the table below. The most significant increases to the budget are the proposed \$2.0 million to cover projected eligible reimbursable service costs in FY 2003/04, \$400,000 increase for facilities maintenance, and \$300,000 to fund the management audit. The most significant decreases in the budget are the \$1,735,812 decrease for salary and fringe benefits, and \$305,085 decrease for indirect cost reimbursements (COWCAP).

THIS PRINT COVERS CALENDAR ITEM NO. 7A

Summary of Commission vs. Board Approved Operating Budget, FY 03/04 vs. FY 02/03							
	FY 02/03	FY 03/04 Approved		Bd. of Sups.		Bd. of Sups.	
	Bd. of Sups. Approved	Commission January 2003	Bd. of Sups.* August 2003	vs. Commission	Percent Change	FY 03/04 vs. FY 02/03	Percent Change
Salaries & Fringe	\$22,474,256	\$23,683,947	\$21,948,135	(\$1,735,812)	-7.3%	(\$526,121)	-2.3%
Indirect Cost Reimbursement	728,426	728,426	423,341	(305,085)	-41.9%	(305,085)	-41.9%
Other Current Expenses	6,574,102	6,647,802	6,769,326	121,524	1.8%	195,224	3.0%
Materials & Supplies	1,445,046	1,664,234	1,535,378	(128,856)	-7.7%	90,332	6.3%
Judgment, Claims & Litigation	250,000	750,000	850,000	100,000	13.3%	600,000	240.0%
Equipment Purchase	90,000	320,000	306,500	(13,500)	-4.2%	216,500	240.6%
Facilities Maintenance	524,800	591,200	991,200	400,000	67.7%	466,400	88.9%
Debt Service	7,029,240	6,159,325	6,159,325	0	0.0%	(869,915)	-12.4%
Services Other Dept**	11,370,354	10,349,513	12,464,877	2,115,364	20.4%	1,094,523	9.6%
Other Expenses	322,241	472,783	377,483	(95,300)	-20.2%	55,242	17.1%
Total Operating Expenses	\$50,808,465	\$51,367,231	\$51,825,565	\$458,335	0.9%	\$1,017,101	2.0%
Total Revenue	\$51,011,970	\$51,247,000	\$51,825,565	\$578,565	1.1%	\$813,595	1.6%
Total Operating Expenses	<u>50,808,465</u>	<u>51,367,231</u>	<u>51,825,565</u>	<u>458,335</u>	<u>0.9%</u>	<u>1,017,101</u>	<u>2.0%</u>
Net Change	\$203,505	(\$120,231)	(\$0)	\$120,230	0.0%	(\$203,506)	-100.0%

* Includes changes by staff.

** Work Order.

The Port is working with the Mayor's office, along with the Controller and the City Attorney to review the Port's reimbursements to the City for the costs the City incurred in support of the Port and its tenants. In those cases where it is determined that the Port has not properly reimbursed the City for legally eligible costs the Port will reimburse the City from the \$2 million set aside in this revised budget. An outside consultant, Bay Area Economics, is conducting the study of reimbursable costs. Port staff, representatives from the Mayor's Office, Controllers Office and the City Attorney are jointly overseeing this study. This study is prerequisite to the proposed transfer from the Port to the City and County of San Francisco to cover projected eligible reimbursable service costs in FY 2002-2003.

Staff recommends that you pass this budget as revised by the Board of Supervisors with one exception; in the version of the budget approved by the Board of Supervisors there was an additional \$300,000 funding added for management audit of the Port by the Budget Analyst. The staff is recommending that you approve the budget as approved by the Board of Supervisors, less \$75,000 of the \$300,000 and require the Board of Supervisors to request your approval of additional funding not exceeding the \$75,000 if necessary to complete the management audit.

Attached for your reference and information, please find a summary of revenue and expenditure details.

The proposed changes will result in an increase of \$458,335 over the budget approved by the Commission on January 28, 2003. Staff requests Commission approval of the revisions to Port's Annual Operating Budget as described herein. At the conclusion of the study of reimbursable costs, staff will identify the expense items that are eligible for reimbursement and seek Commission authorization for the expense, if any.

Prepared by: Chudi Chuba

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 03-64

- WHEREAS, Under Charter Section B3.581 (s), the Port Commission has the exclusive power to expend all funds necessary to carrying out its power and duty to operate and control the port areas of San Francisco; and
- WHEREAS, pursuant to that power, Port staff developed a Fiscal Year 2003/04 operating budget; and
- WHEREAS, this operating budget, which included projected revenues of \$51,247,100 and projected expenses of \$51,367,231, was approved by the Commission by Resolution No. 03-07 at its January 28, 2003 meeting; and
- WHEREAS, Port staff submitted this budget to the Mayor and the Board of Supervisors for their approval; and
- WHEREAS, in its Resolution No. 03-07 the Commission authorized the Executive Director to make non-material changes to the operating budget as necessary; and
- WHEREAS, the operating budget that was approved by the Mayor and the Board of Supervisors contains material changes; and
- WHEREAS, staff has reviewed the revised operating budget that was approved by the Mayor and the Board of Supervisors; and
- WHEREAS, the revised operating budget that was approved by the Mayor and the Board of Supervisors has \$300,000 in funding for management audit of the Port to be conducted by the Budget Analyst; and
- WHEREAS, the revised operating budget includes a \$2 million set aside to reimburse the City for legally eligible costs as determined by a study to be undertaken this fiscal year; and
- WHEREAS, the revised operating budget includes projected revenues of \$51,825,565; and
- WHEREAS, the revised operating budget includes projected expenses of \$51,825,565; now therefore, be it

- RESOLVED, that the Port Commission hereby approves the revised Fiscal Year 2003/04 operating budget as approved by the Board of Supervisors with two exceptions: (1) that \$75,000 of the funding to be transferred to the Board of Supervisors be held on reserve and not expended unless and until the Port Commission reviews the consultant invoices for the management audit and approves expenditure of the final \$75,000 of the \$300,000 in funds requested by the Board; and (2) that any expenditure from the \$2 million set aside shall not be expended until specifically approved by the Port Commission, and be it further
- RESOLVED, that the Port Commission directs the Executive Director to seek Commission authorization for any expenditure from the \$75,000 reserve and the \$2 million amount set aside to reimburse the City for eligible costs identified in the study of reimbursable costs.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 9, 2003.

Secretary

PORT OF SAN FRANCISCO
REVENUE AND EXPENSE SUMMARY
FISCAL YEAR 2003/04

	Actual <u>01/02</u>	Budget <u>01/02</u>	Budget <u>02/03</u>	Budget <u>03/04</u>	<u>Increase / Decrease</u>	
					<u>Amount</u>	<u>Percent</u>
Revenue	\$51,398,518	\$58,886,687	\$51,011,970	\$51,825,565	\$813,595	1.6%
Expense	<u>48,313,562</u>	<u>58,886,581</u>	<u>50,808,465</u>	<u>51,825,565</u>	<u>1,017,100</u>	<u>2.0%</u>
Surplus	<u>\$3,084,956</u>	<u>\$106</u>	<u>\$203,506</u>	<u>\$0</u>	<u>(\$203,505)</u>	<u>-100.0%</u>

PORT EXPENSE SUMMARY
FISCAL YEAR 2003/04

	Actual <u>01/02</u>	Budget <u>01/02</u>	Budget <u>02/03</u>	Budget <u>03/04</u>	Increase / Decrease	
					<u>Amount</u>	<u>Percent</u>
Salaries						
Salaries	\$16,904,306	\$17,404,387	\$18,018,336	\$18,071,242	\$52,905	0.3%
Fringe Benefits	<u>4,383,510</u>	<u>4,568,131</u>	<u>4,455,920</u>	<u>3,876,894</u>	<u>(579,026)</u>	<u>-13.0%</u>
Subtotal	21,287,816	21,972,518	22,474,256	21,948,135	(526,121)	-2.3%
City-wide Overhead	652,541	652,541	728,426	423,341	(305,085)	-41.9%
Other Current Expenses						
Travel	104,909	118,543	108,255	73,895	(34,360)	-31.7%
Training	109,768	115,000	90,000	75,000	(15,000)	-16.7%
Employee Field Expenses	3,264	4,440	4,663	3,684	(979)	-21.0%
Membership Fees	42,628	57,095	47,685	47,110	(575)	-1.2%
Promotional & Entertain.	291,211	243,887	252,700	221,204	(31,496)	-12.5%
Prof. & Specialized Svcs	658,674	1,206,820	1,123,220	1,279,300	156,080	13.9%
Maint Svcs - Bldg & Structures	544,837	800,852	727,800	787,400	59,600	8.2%
Maint Svcs - Equipment	305,714	410,034	419,993	417,722	(2,271)	-0.5%
Rents & Leases - Buildings	2,537,900	2,558,600	2,586,125	2,607,420	21,295	0.8%
Rents & Leases - Equipment	119,939	102,287	153,406	166,261	12,855	8.4%
Utilities Expenses	592,238	556,000	669,600	641,000	(28,600)	-4.3%
Other Current Expenses	<u>272,883</u>	<u>372,385</u>	<u>390,655</u>	<u>449,330</u>	<u>58,675</u>	<u>15.0%</u>
Subtotal	5,583,965	6,545,943	6,574,102	6,769,326	195,224	3.0%
Materials & Supplies	2,223,837	2,033,640	1,445,046	1,535,378	90,332	6.3%
Fixed Charges	255,087	326,525	358,584	1,016,400	657,816	183.4%
Capital Outlay	768,676	1,181,325	90,000	306,500	216,500	240.6%
Facilities Maintenance	0	802,900	524,800	991,200	466,400	88.9%
Debt Service	10,072,800	15,707,546	7,029,240	6,159,325	(869,915)	-12.4%
Services of Other Departments						
ADM - Insurance & Risk	50,000	1,300,000	1,889,763	2,268,556	378,793	20.0%
City Attorney - Legal Services	1,597,772	1,733,820	1,983,534	2,233,534	250,000	12.6%
Fire Protection	1,339,451	1,506,600	1,629,828	1,693,435	63,607	3.9%
DHR - Workers Compensation	639,501	324,926	600,000	750,000	150,000	25.0%
PUC - Light, Heat & Power	1,286,557	1,496,360	1,332,360	1,374,000	41,640	3.1%
All Other Departments	<u>2,262,025</u>	<u>2,521,903</u>	<u>3,934,869</u>	<u>4,145,352</u>	<u>210,483</u>	<u>5.3%</u>
Subtotal	7,175,306	8,883,609	11,370,354	12,464,877	1,094,523	9.6%
Interdepartmental Recovery	0	486,500	(99,800)	(108,800)	(9,000)	9.0%
Revenue Transfer Out - DPT	293,534	293,534	313,457	319,883	6,426	2.1%
Total	<u>\$48,313,562</u>	<u>\$58,886,581</u>	<u>\$50,808,465</u>	<u>\$51,825,565</u>	<u>\$1,017,100</u>	<u>2.0%</u>

PORT EXPENSE SUMMARY
BY DIVISION
FISCAL YEAR 2003/04

	Actual <u>01/02</u>	Budget <u>01/02</u>	Budget <u>02/03</u>	Budget <u>03/04</u>	<u>Increase / Decrease</u>	
					<u>Amount</u>	<u>Percent</u>
Maritime	\$1,400,585	\$1,816,777	\$1,753,699	\$1,669,860	(\$83,839)	-4.8%
Real Estate	7,331,199	8,661,933	10,130,767	10,583,461	452,694	4.5%
Planning & Development	1,623,172	2,174,956	2,010,569	1,928,990	(81,579)	-4.1%
Administrative Services	19,225,382	27,463,010	16,489,194	16,354,264	(134,930)	-0.8%
Engineering & Maintenance	16,658,779	16,631,952	17,560,789	18,224,051	663,262	3.8%
Executive	<u>2,074,444</u>	<u>2,137,952</u>	<u>2,863,447</u>	<u>3,064,939</u>	<u>201,492</u>	<u>7.0%</u>
Total	<u>\$48,313,562</u>	<u>\$58,886,581</u>	<u>\$50,808,465</u>	<u>\$51,825,565</u>	<u>\$1,017,100</u>	<u>2.0%</u>

PORT EXPENDITURE SCHEDULE
FISCAL YEAR 2003/04

Char Obj	Subobj	Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Percent
Salaries							
001 001	00101 Permanent Salaries	\$16,122,321	\$16,566,618	\$17,225,862	\$17,212,261	(\$13,601)	-0.1%
001 005	00501 Temp. Salaries	113,270	352,684	227,839	249,711	21,872	9.6%
001 009	00901 Premium Pay	184,483	101,227	155,552	153,414	(2,138)	-1.4%
001 011	01101 Overtime	484,232	383,858	409,083	455,856	46,773	11.4%
	Subtotal	16,904,306	17,404,387	18,018,336	18,071,242	52,905	0.3%
013 013	01300 Mandatory Fringe Benefits	4,383,510	4,568,131	4,455,920	3,876,894	(\$79,026)	-13.0%
	Subtotal Salaries & Fringe	21,287,816	21,972,518	22,474,256	21,948,135	(\$526,121)	-2.3%
020 020	02000 Indirect Cost Reimbursement	652,541	652,541	728,426	423,341	(305,085)	-41.9%
Other Current Expenses							
021 021	02100 Travel - Budget	104,909	118,543	108,255	73,895	(34,360)	-31.7%
021 022	02200 Training - Budget	109,768	115,000	90,000	75,000	(15,000)	-16.7%
021 023	02300 Employee Field Expenses - Budget	3,264	4,440	4,663	3,684	(979)	-21.0%
021 024	02400 Membership Fees	42,628	57,095	47,685	47,110	(575)	-1.2%
021 025	02500 Promotional & Entertain. - Budget	291,211	243,887	252,700	221,204	(31,496)	-12.5%
021 027	02700 Prof. & Specialized Svcs - Budget	658,674	1,206,820	1,123,220	1,279,300	156,080	13.9%
021 028	02800 Maint Svcs - Bldg & Structures - Budget	544,837	800,852	727,800	787,400	59,600	8.2%
021 029	02900 Maint Svcs - Equipment - Budget	305,714	410,034	419,993	417,722	(2,271)	-0.5%
021 030	03000 Rents & Leases - Bldgs & Struct - Budget	2,537,900	2,558,600	2,586,125	2,607,420	21,295	0.8%
021 031	03100 Rents & Leases - Equipment - Budget	119,939	102,287	153,406	166,261	12,855	8.4%
021 032	03200 Utilities Expenses - Budget	592,238	556,000	669,600	641,000	(28,600)	-4.3%
021 035	03500 Other Current Expenses - Budget	272,883	372,385	390,655	449,330	58,675	15.0%
	Subtotal	5,583,965	6,545,943	6,574,102	6,769,326	195,224	3.0%
040 040	04000 Materials & Supplies - Budget	2,223,837	2,033,640	1,445,046	1,535,378	90,332	6.3%
050 052	05200 Taxes, Licenses & Permits - Budget	77,965	76,525	108,584	166,400	57,816	53.2%
050 053	05300 Judgment, Claims & Litigation - Budget	177,122	250,000	250,000	850,000	600,000	240.0%
	Subtotal	255,087	326,525	358,584	1,016,400	657,816	183.4%
060 060	06000 Equipment Purchase - Budget	768,676	1,181,325	90,000	306,500	216,500	240.6%
06F 06F	06F00 Facilities Maintenance - Budget	0	802,900	524,800	991,200	466,400	88.9%
070 070	07000 Debt Service - Budget	10,072,800	15,707,546	7,029,240	6,159,325	(869,915)	-12.4%

PORT EXPENDITURE SCHEDULE
FISCAL YEAR 2003/04

Char	Obj	Subobj	Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Percent
<u>Services of Other Departments</u>								
081	081	081BD Board of Supervisors	0	0	0	300,000	300,000	0.0%
081	081	081EV Environment	18,258	18,258	18,258	41,154	22,896	125.4%
081	081	081CB ADM - Insurance & Risk	50,000	1,300,000	1,889,763	2,268,556	378,793	20.0%
081	081	081CP City Planning	90,910	212,681	151,181	151,181	0	0.0%
081	081	081CT City Attorney - Legal Svcs.	1,597,772	1,733,820	1,983,534	2,233,534	250,000	12.6%
081	081	081CZ TIS - Special Projects	4,982	4,982	0	23,533	23,533	0.0%
081	081	081C4 Controller - Internal Audit	70,304	84,000	84,000	84,000	0	0.0%
081	081	081C5 ISD - Maintenance & Operations	271,536	240,534	252,523	243,180	(9,343)	-3.7%
081	081	081ED Business & Economic Devel. - Mayor's	50,000	50,000	75,331	75,331	0	0.0%
081	081	081BI Department of Building Inspection	269,500	385,000	15,000	15,000	0	0.0%
081	081	081ET TIS - Telephone	286,437	188,057	289,747	259,677	(30,070)	-10.4%
081	081	081FD Fire	1,339,451	1,506,600	1,629,828	1,693,435	63,607	3.9%
081	081	081HE SFGH - Medical Services	10,584	9,000	9,000	9,000	0	0.0%
081	081	081HT CHS - Toxic Waste & Haz Mat Svcs	13,398	42,795	0	0	0	0.0%
081	081	081HX HR-HSS Life Insurance	0	0	7,222	8,474	1,252	17.3%
081	081	081HY HR-MGMT Comp & Classification	0	0	11,848	15,354	3,506	29.6%
081	081	081HZ HR - HR Management System	24,957	24,957	22,953	18,553	(4,400)	-19.2%
081	081	081H2 HR - Management Training	2,895	6,188	6,188	6,188	0	0.0%
081	081	081H3 HR - Workers Comp.	639,501	324,926	600,000	750,000	150,000	25.0%
081	081	081H4 HR - Employee Assistance Program	0	0	0	0	0	0.0%
081	081	081H7 HR - Labor Negotiations	18,433	18,433	32,724	14,302	(18,422)	-56.3%
081	081	081H8 HR - Drug Testing	9,376	9,376	9,376	8,204	(1,172)	-12.5%
081	081	081H9 Human Rights Commission	217,657	217,657	187,192	114,879	(72,313)	-38.6%
081	081	081MY Mayor's Office Services	186,000	186,000	70,792	70,792	0	0.0%
081	081	081M2 Mayor's Youth Works	4,600	4,600	6,400	6,400	0	0.0%
081	081	081PA PURCH - Central Shops - Auto	9,615	12,100	5,800	5,800	0	0.0%
081	081	081PG PURCH - General Office	52,082	52,082	56,249	56,811	562	1.0%
081	081	081PH OCA - MCO Living Health	202,683	202,683	60,535	30,268	(30,268)	-50.0%
081	081	081PM PURCH - Mail	0	0	0	2,741	2,741	0.0%
081	081	081PR PURCH - Reproduction	14,017	36,000	24,800	22,385	(2,415)	-9.7%
081	081	081PS Police Security	143,065	99,020	132,250	227,145	94,895	71.8%
081	081	081RE Real Estate	36,566	100,000	80,000	90,000	10,000	12.5%
081	081	081RP Rec & Park - Gardener	662	4,300	500	500	0	0.0%
081	081	081UL PUC - Light, Heat & Power	1,286,557	1,496,360	1,332,360	1,374,000	41,640	3.1%
081	081	081UW PUC - Water	1,242	3,000	2,000	2,000	0	0.0%
081	081	081SB Surety Bond	65,000	65,000	65,000	65,000	0	0.0%
081	081	081PK Parking & Traffic	22,100	15,000	80,500	0	(80,500)	-100.0%
081	081	081WGP DPW - General Administration	24,607	25,000	15,000	15,000	0	0.0%
081	081	081HF DPW - Geographic Data Svc	0	0	0	0	0	0.0%
081	081	081WA DPW - Architecture	0	0	0	0	0	0.0%
081	081	081WB DPW - Building Repair	5,028	7,700	0	0	0	0.0%
081	081	081WE DPW - Engineering	2,515	22,500	0	0	0	0.0%
081	081	081WR DPW - Street Repair	133,016	175,000	162,500	162,500	0	0.0%
081	081	08199 MISC Department	0	0	2,000,000	2,000,000	0	0.0%
Subtotal			7,175,306	8,883,609	11,370,354	12,464,877	1,094,523	9.6%
086	086	08699 Interdepartmental Recovery	0	486,500	(99,800)	(108,800)	(9,000)	9.0%
091	093	0931G Revenue Transfer Out - DPT	293,534	293,534	313,457	319,883	6,426	2.1%
Total			48,313,562	58,886,581	50,808,465	51,825,565	1,017,100	2.0%

DIVISION EXPENSE
FISCAL YEAR 2003/04

Char Obj	Subobj	Maritime	Real Estate	Planning & Development	Administrative Services	Engineering & Maintenance	Executive	Total
Salaries								
001 001	00101	\$925,190	\$1,657,846	\$1,285,341	\$2,970,180	\$9,865,833	\$507,871	\$17,212,261
001 005	00501	0	0	31,230	22,149	185,828	10,504	249,711
001 009	00901	4,346	10,300	8,240	14,782	109,928	5,818	153,414
001 011	01101	4,559	1,922	400	16,653	432,322	0	455,856
	Subtotal	934,095	1,670,068	1,325,211	3,023,765	10,593,910	524,193	18,071,242
013 013	01300	155,840	279,245	203,943	1,373,712	1,789,958	74,196	3,876,894
	Subtotal Salaries & Fringe	1,089,935	1,949,313	1,529,154	4,397,476	12,383,868	598,389	21,948,135
020 020	02000	0	0	0	423,341	0	0	423,341
Other Current Expenses								
021 021	02100	21,693	4,400	6,000	11,796	14,002	16,004	73,895
021 022	02200	0	0	0	75,000	0	0	75,000
021 023	02300	365	0	1,200	456	1,063	600	3,684
021 024	02400	11,200	4,400	1,500	3,775	7,735	18,500	47,110
021 025	02500	113,417	10,000	8,000	2,775	3,100	83,912	221,204
021 027	02700	133,100	479,000	68,000	467,200	97,000	35,000	1,279,300
021 028	02800	10,500	529,400	0	0	247,500	0	787,400
021 029	02900	16,500	1,300	400	209,693	189,829	0	417,722
021 030	03000	0	2,607,420	0	0	0	0	2,607,420
021 031	03100	6,500	25,000	400	0	132,361	2,000	166,261
021 032	03200	0	641,000	0	0	0	0	641,000
021 035	03500	45,550	34,800	57,500	163,854	128,626	19,000	449,330
	Subtotal	338,825	4,336,720	143,000	934,549	821,216	175,016	6,769,326
040 040	04000	10,600	20,000	5,000	214,798	1,271,980	13,000	1,535,378
050 052	05200	11,000	900	22,000	0	132,500	0	166,400
050 053	05300	0	0	0	850,000	0	0	850,000
	Subtotal	11,000	900	22,000	850,000	132,500	0	1,016,400
060 060	06000	0	0	0	6,500	300,000	0	306,500
06F 06F	06F00	90,000	125,000	25,000	0	751,200	0	991,200
070 070	07000	0	0	0	6,159,325	0	0	6,159,325

DIVISION EXPENSE
FISCAL YEAR 2003/04

Char Obj	Subobj	Maritime	Real Estate	Planning & Development	Administrative Services	Engineering & Maintenance	Executive	Total
Services of Other Departments								
081	081	081	BD Board of Supervisors	0	300,000	0	0	300,000
081	081	081EV	Environment	0	0	0	0	41,154
081	081	081CB	ADM - Insurance & Risk	0	0	16,154	0	2,268,556
081	081	081CP	City Planning	0	0	0	0	151,181
081	081	081CT	City Attorney - Legal Svcs.	0	0	0	0	2,233,534
081	081	081CZ	TIS - Special Projects	0	0	0	2,233,534	23,533
081	081	081C4	Controller - Internal Audit	0	0	0	0	84,000
081	081	081C5	ISD - Maintenance & Operations	0	0	0	0	243,180
081	081	081ED	Business & Economic Devel. - Mayor's	0	0	0	0	75,331
081	081	081BI	Department of Building Inspection	0	0	15,000	0	15,000
081	081	081ET	TIS - Telephone	0	0	0	0	259,677
081	081	081FD	Fire	0	0	1,693,435	0	1,693,435
081	081	081HE	SFGH - Medical Services	0	0	9,000	0	9,000
081	081	081HT	CHS - Toxic Waste & Haz Mat Svcs	0	0	0	0	0
081	081	081HX	HR-HSS Life Insurance	0	0	0	0	8,474
081	081	081HY	HR-MGMT Comp & Classification	0	0	8,474	0	15,354
081	081	081HZ	HR - HR Management System	0	0	15,354	0	18,553
081	081	081H2	HR - Management Training	0	0	18,553	0	6,188
081	081	081H3	HR - Workers Comp.	0	0	6,188	0	750,000
081	081	081H4	HR - Employee Assistance Program	0	0	750,000	0	0
081	081	081H7	HR - Labor Negotiations	0	0	0	0	14,302
081	081	081H8	HR - Drug Testing	0	0	0	0	8,204
081	081	081H9	Human Rights Commission	0	0	0	0	114,879
081	081	081MY	Mayor's Office Services	0	0	0	0	70,792
081	081	081M2	Mayor's Youth Works	0	0	0	45,000	6,400
081	081	081PA	PURCH - Central ShADM - Auto	0	0	5,300	0	5,800
081	081	081PG	PURCH - General Office	0	0	0	0	56,811
081	081	081PH	OCA - MCO Living Health	0	0	0	0	30,268
081	081	081PM	PURCH - Mail	0	0	0	0	2,741
081	081	081PR	PURCH - Reproduction	0	0	3,198	0	22,385
081	081	081PS	Police Security	0	3,655	0	0	227,145
081	081	081RE	Real Estate	0	0	0	0	90,000
081	081	081RP	Rec & Park - Gardener	0	50,000	0	0	500
081	081	081UL	PUC - Light, Heat & Power	0	0	500	0	1,374,000
081	081	081UW	PUC - Water	0	0	0	0	2,000
081	081	081SB	Surety Bond	0	0	2,000	0	65,000
081	081	081PK	Parking & Traffic	0	0	0	0	0
081	081	081WG	DPW - General Administration	0	0	0	0	0
081	081	081HF	DPW - Geographic Data Svc	0	0	15,000	0	15,000
081	081	081WA	DPW - Architecture	0	0	0	0	0
081	081	081WB	DPW - Building Repair	0	0	0	0	0
081	081	081WE	DPW - Engineering	0	0	0	0	0
081	081	081WR	DPW - Street Repair	0	0	162,500	0	162,500
081	081	08199	MISC Department	0	0	0	0	2,000,000
			Subtotal	109,500	3,831,645	2,672,087	2,278,534	12,464,877
086	086	08699	Interdepartmental Recovery	0	0	(108,800)	0	(108,800)
091	093	0931G	Revenue Transfer Out - DPT	0	319,883	0	0	319,883
			Total	1,669,860	10,583,461	18,224,051	3,064,939	51,825,565

**REVENUE
BY INDUSTRY
FISCAL YEAR 2003/2004**

MARITIME

	<u>Actual</u> <u>2001/02</u>	<u>Budget</u> <u>2001/02</u>	<u>Budget</u> <u>2002/03</u>	<u>Budget</u> <u>2003/04</u>	<u>Increase/(Decrease)</u> <u>Amount Percent</u>	
Cargo						
Dockage	\$130,851	\$145,000	\$50,000	\$87,000	\$37,000	74%
Wharfage	(343,161)	115,000	150,000	200,000	50,000	33%
Crane Rental	147,992	430,000	0	0	0	0%
Rent	2,263,902	2,287,000	2,938,000	3,656,000	718,000	24%
Miscellaneous	<u>17,740</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Subtotal	2,217,325	2,977,000	3,138,000	3,943,000	805,000	26%
Ship Repair						
Dockage	0	0	0	0	0	0%
Rent	<u>1,256,114</u>	<u>1,250,000</u>	<u>1,075,000</u>	<u>700,000</u>	<u>(375,000)</u>	<u>-35%</u>
Subtotal	1,256,114	1,250,000	1,075,000	700,000	(375,000)	-35%
Harbor Services						
Dockage	37,844	45,000	35,000	35,000	0	0%
Non-Cargo Wharfage	0	0	0	0	0	0%
Rent	<u>875,075</u>	<u>870,000</u>	<u>898,000</u>	<u>942,000</u>	<u>44,000</u>	<u>5%</u>
Subtotal	912,919	915,000	933,000	977,000	44,000	5%
Cruise						
Dockage	70,186	43,000	61,000	198,000	137,000	225%
Passenger Wharfage	264,876	501,000	682,000	900,000	218,000	32%
Non-Cargo Wharfage	7,047	15,000	10,000	0	(10,000)	-100%
Rent	<u>47,809</u>	<u>26,000</u>	<u>7,000</u>	<u>75,000</u>	<u>68,000</u>	<u>971%</u>
Subtotal	389,918	585,000	760,000	1,173,000	413,000	54%
Fishing						
Dockage	160,803	199,000	212,000	200,000	(12,000)	-6%
Fish Wharfage	28,690	58,000	45,000	45,000	0	0%
Rent	<u>1,186,899</u>	<u>1,249,000</u>	<u>1,219,000</u>	<u>1,160,000</u>	<u>(59,000)</u>	
Subtotal	1,376,392	1,506,000	1,476,000	1,405,000	(71,000)	-5%
Other Marine						
Dockage	718,418	732,000	597,500	566,000	(31,500)	-5%
Non-Cargo Wharfage	0	0	0	0	0	0%
Rent	494,131	498,000	526,000	515,000	(11,000)	-2%
Landing Fees	<u>107,112</u>	<u>120,000</u>	<u>120,000</u>	<u>105,000</u>	<u>(15,000)</u>	<u>-13%</u>
Subtotal	1,319,660	1,350,000	1,243,500	1,186,000	(57,500)	-5%

**REVENUE
BY INDUSTRY
FISCAL YEAR 2003/2004**

	<u>Actual</u> <u>2001/02</u>	<u>Budget</u> <u>2001/02</u>	<u>Budget</u> <u>2002/03</u>	<u>Budget</u> <u>2003/04</u>	<u>Increase/(Decrease)</u> <u>Amount</u> <u>Percent</u>	
Commercial/Industrial						
Rent	21,540,449	19,333,000	19,798,000	21,298,000	1,500,000	8%
Rent from Percentage Leases	<u>10,573,147</u>	<u>11,745,000</u>	<u>11,116,000</u>	<u>10,833,000</u>	<u>(283,000)</u>	<u>-3%</u>
Subtotal	32,113,595	31,078,000	30,914,000	32,131,000	1,217,000	4%
Parking						
Meters	983,106	1,050,000	1,066,000	1,047,000	(19,000)	-2%
Stalls	147,538	160,000	124,000	136,000	12,000	10%
Rent	5,168,975	4,650,000	4,538,000	4,144,000	(394,000)	-9%
Fines	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>0</u>	<u>0%</u>
Subtotal	7,499,619	7,060,000	6,928,000	6,527,000	(401,000)	-6%
Power	16,143	0	0	0	0	0%
Filming	24,137	100,000	75,000	50,000	(25,000)	-33%
Special Events	79,946	150,000	75,000	75,000	0	0%
Miscellaneous Services	205,168	50,000	50,000	50,000	0	0%
Facility Damage	3,483	6,000	6,000	6,000	0	0%
Tenant Services	7,061	0	0	0	0	0%
Permits	455,593	775,000	175,000	200,000	25,000	14%
Miscellaneous Repairs	8,040	30,000	30,000	30,000	0	0%
Negotiation Fees	227,097	205,000	50,000	50,000	0	0%
Interest on Investments	3,022,881	2,450,000	2,220,000	1,720,000	(500,000)	-23%
Penalties & Svc. Charges	19,506	20,000	15,000	15,000	0	0%
Miscellaneous Receipts	243,921	8,379,687	9,000	409,000	400,000	4444%
From Fund Balance	0	0	1,839,470	1,178,565		
TOTAL PORT	<u>\$51,398,518</u>	<u>\$58,886,687</u>	<u>\$51,011,970</u>	<u>\$51,825,565</u>	<u>\$813,595</u>	<u>2%</u>



MEMORANDUM

September 3, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong *DW*
Executive Director

SUBJECT: Informational Briefing Regarding Changes to the Commission Approved Capital Project De-funding

DIRECTOR'S RECOMMENDATION: No action required (information only)

On February 11, 2003 the Port Commission approved Resolution No. 03-08, approving the reallocation of \$12,014,217 of previously appropriated capital project funds and authorizing Port staff to seek approvals from the Mayor, Controller, and the Board of Supervisors as appropriate or required to accomplish the reallocation.

Seventy-four capital projects were either fully or partially de-funded to generate sufficient funds to cover newly identified critical capital and other immediate funding needs. Port staff worked with the Mayor, Controller, and the Board of Supervisors to accomplish the reallocation.

The reallocation process is now complete. \$11,216,845 of previously appropriated capital project funds were reallocated for newly identified funding needs.

Included in the Port's FY 2003/04 capital plan approved by the Board of Supervisors is \$412,549 for a new capital project entitled "Environmental Justice". This is in addition to those projects approved by the Port Commission. Funding for this project came from reductions made to the Port's operating budget; primarily the elimination of two vacant positions and a \$200,000 reduction in the materials and supplies budget for the Port's Maintenance department.

This Print Covers Calendar Item No. 7B

A detailed description for the Environmental Justice project has not been completely determined at this time, however, Port staff is working with members of the Board of Supervisors to define the scope of work under this project. Port staff will bring this additional capital project expenditure back to the Port Commission for authorization after the details have been identified.

Prepared By: Lawrence Brown, Financial Analyst

DOCUMENTS DEPT.

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SAN FRANCISCO PORT COMMISSION

SEPTEMBER 9, 2003 MINUTES OF THE MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDÓN, VICE PRESIDENT
HON. MICHELA ALIOTO-PIER
HON. SUE BIERMAN
HON. WILFRED HSU

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO

PORT COMMISSION

MINUTES OF THE REGULAR MEETING SEPTEMBER 9, 2003

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:12 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Michela Alioto-Pier, Sue Bierman and Wilfred Hsu.

2. APPROVAL OF MINUTES - August 26, 2003 Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; the minutes of the August 26, 2003 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report

Executive Director Wong reported that the City of San Francisco will be hosting the 2003 T-Mobile International (formerly the San Francisco Grand Prix) on Sunday, September 14th. It will feature 5-time Tour De France winner, Lance Armstrong. The start/finish of the race is on Embarcadero in front of Pier ½, near the Ferry Building, with the majority of the racecourse along the streets in the northern portion of the City. The police are estimating public attendance to be more than 500,000. For the first time in the event history, an elite field of international female cyclist will compete in the women's race. The women's race is 49.6 miles and is scheduled to begin at 7:30 a.m. The men's race is 108 miles and scheduled to begin at 11 a.m. and finished by 4 p.m. The Police Department's Command Center will once again be in the Embarcadero and Bayside Conference Rooms at Pier 1. Port staff has been cooperating not only with the Police Department but as well as the race promoters. This promises to be an exciting event.

4. CONSENT

- A. Request for acceptance of the Degenkolb Report and approval of rent credits for repairs and maintenance, to include removal of the tower located on the northeast corner of the premises, otherwise the obligation of the Port, undertaken by Sanitary Fill Company, Inc. at Pier 94-96 pursuant to Lease No. L-12540. (Resolution No. 03-62)

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-62 was adopted.

5. ENGINEERING & MAINTENANCE

A. Informational presentation regarding the Port of San Francisco's ADA Title II Self Evaluation and Transition Plan.

John Scott, Port's ADA Coordinator and Architect, provided an informational briefing on the Port's decision to reexamine its ADA compliance obligations under Title II of the Americans with Disabilities Act. The Act was enacted in 1990. During that time, there have been a lot of changes at the Port as well as some threshold changes with the federal and state regulations. This is an opportune time to revisit the Title II Self Evaluation and Transition Plan. The Port has conducted a significant number of alterations and new construction that has dramatically reshaped accessibility along San Francisco's waterfront. At the same time, the U.S. Access Board is reevaluating and redesigning all the federal guidelines for accessibility that are under the Americans with Disabilities Act which will potentially have great impacts to the Port's recreation facilities. The State of California is also in the process of revising or replacing its building code. This is a prime opportunity to reevaluate the Port's Title II Compliance Program to review and give recognition to the accomplishments that have been done over the last ten years, to update and refocus its current efforts, to plan future projects at reasonable accommodations and provide education to Port staff on upcoming changes. The outline of the program is included in the staff report to the Commission. The project has an anticipated and ambitious 6-month schedule. It will have a public review process which will include interested individuals including individuals with disabilities and organizations that represent people with disabilities as well as members of the Port's advisory committees, tenants and other users of the Port facilities. This plan will be submitted to the Commission for its review and approval approximately in March 2004. Port staff has invited Commissioner Alioto-Pier and Commissioner Bierman to serve as facilitators in the public review process. This process will include an all day workshop, several community meetings for review and comment on the drafts of the plans. Port staff will be working closely with the Mayor's Office on Disability and the Mayor's Disability Council so that this effort is harmonized with other efforts happening throughout the City.

Commissioner Alioto-Pier thanked Mr. Scott for a great job. She thanked him for everything he has said and done. Everything she has read is very thoughtful. The Commission appreciates not just the effort but the expertise he brings to the table. The Commission is happy to have him at the Port.

Commissioner Hardeman commented that Mr. Scott has an extraordinary background and the Port is fortunate to have someone with his experience.

6. MARITIME

A. Request for approval of a one-year berthing agreement with four one-year options with California Sealift Terminals, Inc. to layberth four Ready Reserve Vessels belonging to the U.S. Maritime Administration. (Resolution No. 03-63)

Maritime Director Peter Dailey presented the item and requested Commission's approval of the berthing agreement with California Sealift Terminals, Inc. (CSTI). He noted that CSTI and Port staff worked closely with Congresswoman Pelosi and Senators Feinstein and Boxer's office to let the Department of Transportation know the importance of these

ships to the local maritime industry. In addition to the revenue to the Port, these ships provide significant impacts to the local harbor service, bar pilots, ship chandlers, fuel and ship repair industries. CSTI and the Port were the winning bidders to become the homeport of the four ready reserve fleet ships. The vessels will be located on two berths at Pier 50 and one berth at Pier 96. CSTI will be responsible for all capital improvements to the pier to meet MARAD requirements including electrical, water, fencing, security and dredging. CSTI's contract with the government will be for five one-year period renewable annually by MARAD. CSTI will pay the Port \$401,500 per year for the three berthing sites. In the event that the government cancels part of the contract for individual ship or ships, the rent will decrease by proportional amount. The Port retains all improvements to the piers made by CSTI. The lease will commence on or about October 15, 2003 once MARAD issues a Notice to Proceed.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-63 was adopted.

Mr. Dailey extended an invitation from Capt. Frank Johnson, MARAD's Regional Director, to the Commission to tour the vessels on the waterfront. The vessels are already on the Port and are paying rent on a day-by-day basis.

Commissioner Hardeman indicated that all the Commissioners are interested in a tour of the vessels. Mr. Dailey indicated that he will set up the tour for the Commissioners.

7. ADMINISTRATIVE SERVICES

A. Request for approval of Revisions to Annual Operating Budget for Fiscal Year 2003/2004. **(Resolution No. 03-64)**

Administrative Services Director Joel Robinson indicated that in January, Port staff presented the proposed budget to the Commission for approval that was subsequently submitted to the Mayor and the Board of Supervisors for their review and approval. During the process, substantial changes were made to the budget. The Commission in January 2003 approved \$23,683,947 of salaries and fringes. The Board adjusted it to \$21,948,135. The explanation of the reduction comes with the defunding of 8 vacant positions totaling \$461,000. However, after making reductions, the Board gave the money back to the Port. The Port did not lose the money from the operating budget. The Board asked the Port to spend it in another category. This change came at the final budget hearing of the Board. Port staff has little or no input into these changes. The Board, at the request of Supervisor Maxwell, created a \$400,000 category entitled Environmental Justice in the Port's capital budget. The Board has not given a firm definition of what they mean by environmental justice. Supervisor Maxwell asked that the money be spent on the southern waterfront under environmental justice. Staff will work with Supervisor Maxwell's office to get a firm definition of environmental justice and where and how that money can be spent. Initially, they put the \$400,000 on reserve pending a definition for its use. Port staff worked with her staff and agreed to put the money under environmental justice. They released the money from reserve and it's under materials and supplies in the capital project. Staff will seek Commission's approval of how the \$400,000 will be spent.

The Citywide COWCAP which is the allocation of expenses to the Port from the City was reduced by \$300,000. The reduction was done because the Port was overcharged for citywide overhead in the past. That money will remain with the Port.

The reduction of \$95,300 represents the parking fees that will not be collected in FY 2003/2004. When staff negotiated with the Ferry Building and other lessees along the Port, the parking rights were negotiated away from the Port. After all the cuts, the Port has a net increase of \$458,335.

Mr. Robinson responded to the questions posed by Commissioner Alioto-Pier at the last Commission meeting.

1. Why did the Board reduce the operating budget by \$400,000? The Board reduced the operating budget by \$400,000 and increased the capital budget by \$400,000 to create the environmental justice category.
2. Why did they add the item \$300,000 for the management audit? The Board requested the Budget Analyst to do an audit of the Port. They asked the Budget Analyst to work with the Port to find within the Port's budget \$300,000 to pay for the audit. The Budget Analyst office is adamant that this is not an increase in the Budget Analyst's budget. This is a work order to the Board who will then pay the Budget Analyst. The actual cost of the audit is unknown at this time. The \$300,000 is an estimate, understanding the operations of the Port and understanding what information they need from the Port. It is their good faith estimate of what the audit will cost. It will be done on a confirmed billing process from the Budget Analyst to the Board. Since the Port has not been audited since 1987, the Board moved the Port near the bottom of the audit list to be audited on a priority basis.
3. Why did the Board not bid the audit? The audit was not put out to bid because the Board has an existing contract with the Budget Analyst and used its discretion to do so. The Port has some control over the expenditure of funds and the cost of the audit.

Mr. Robinson indicated that considering the magnitude of cuts that the Board was making with all City departments this year, the Port was fortunate that it did not get more cuts. The Port is working with the Mayor's office along with the Controller and the City Attorney to review the Port's reimbursements to the City for the costs the City incurred in support of the Port and its tenants. In those cases where it is determined that the Port has not properly reimbursed the City for legally eligible costs, the Port will reimburse the City from the \$2 million set aside in this revised budget.

In terms of paying for the audit, Mr. Robinson suggested that staff could either request for a supplemental appropriation from the Board or find the money within the existing budget. Staff prefers to find the money within the existing budget rather than ask for a supplemental appropriation. However, the Commission has the discretion to choose how the audit will be funded. It could come from the \$2 million set aside for transfer to the City or from reductions made from the existing budget. If the Commission approves the \$225,00 for the audit and if the audit exceeds that amount, Mr. Robinson suggested that the budget analyst must request Commission's approval and provide a breakdown of expenses. The Commission has the authority to approve or disapprove the extra expenditures for the audit. The Port is not opposed to the audit. The Port has not been

audited since 1987. Staff hopes that the audit would be beneficial to the Port and it would help accomplish things at the Port. The Budget Analyst agreed to make a formal request from the Port Commission.

Commissioner Bierman asked what triggered the management audit. Mr. Robinson replied that the actual event that triggered the audit was a question by Supervisor Ma. At the first Board of Supervisors hearing on the budget, everyone, but Port staff, had a list of every position in the City that made over \$90,000 a year. She asked a lot of questions about the duties and responsibilities of each and whether they supervise other people. It was at that point that she suggested the Port should be audited. The Board directed the Budget Analyst to move the Port from wherever they are on the audit list to the top and perform an audit of the Port. At their second meeting, the Board made a formal motion for the Budget Analyst to conduct a management audit and directed the Budget Analyst to identify resources in the Port's budget to fund the audit.

Commissioner Alioto-Pier asked when the motion was passed and who were the supervisors in charge of the audit. Mr. Robinson replied that Supervisors Peskin, Ma, Maxwell and McGoldrick approved the motion on July 15, 2003.

Commissioner Alioto-Pier indicated that she still has a problem with the Board taking \$225,000 and doing what they think they need to do and then give the Port an itemized list of what they're going to do. Mr. Robinson indicated that it's the Port's recommendation to pay the Budget Analyst \$225,000; the Board actually asked for \$300,000.

Commissioner Alioto-Pier indicated that she does not ordinarily write a check to somebody for \$300,000 when she does not know exactly what he or she is going to be doing. She understands that they will conduct the audit but the Port should have an idea of exactly how they will spend the funds. She understands Supervisor Maxwell's environmental concerns in her district. However, taking \$400,000 out of the operating budget and putting it into a discretionary fund is difficult to understand when that money could be used for other things. It's an unfunded mandate. At last meeting's security briefing, the Port's security consultant recommended that the Port find another \$1 million to hire a security officer. Before dispersing the funds, the Port should be adamant about exactly how every single penny will be spent.

Mr. Robinson indicated that the Board significantly reduced the Maintenance and Engineering's materials and supplies budget over the last couple of years. Port staff asked the Board for an additional \$600,000 to replenish that account. The Board approved \$400,000 but requested that money be placed under the environmental justice category. The Board redirected our priorities.

Commissioner Bierman asked if Supervisor Maxwell is going to provide more specifics about environmental justice. Mr. Robinson replied that Port staff will work with her and her staff to get a better definition and better understanding of environmental justice. He was hopeful that they would be able to come up with something that would allow Port staff to spend the money as they see fit while at the same time satisfy her desires for environmental justice.

Commissioner Alioto-Pier asked if there are any environmental concerns in the southern waterfront area that would require spending \$400,000. Mr. Robinson replied that there are environmental concerns in that area that would cost a lot more money to mitigate. However, considering other issues the Port faces, staff would have prioritized it differently. Commissioner Alioto-Pier asked what that money could have been used for. Mr. Robinson replied that Engineering and Maintenance would get their materials and supplies. Mr. Alex Lee, Director of Maintenance and Engineering, indicated that the Port has over 2 million s.f. of building spaces needing electrical equipment, plumbing supplies, etc. The actual expenditure for building materials and supplies in 2001/2002 was over \$2 million. This year our budget is \$1.4 million. Any additional monies that can be provided for the Maintenance department would be helpful.

Commissioner Brandon indicated that according to the table in the staff report, the materials and supplies would only decrease by \$128,856. Mr. Robinson replied that was the net amount; the actual cut was \$212,000. The defunding of unfilled positions made up for the \$400,000. Commissioner Brandon asked if the 8 vacant positions would equal to \$461,000. Mr. Robinson replied that the 8 unfunded positions totaled approximately \$461,000 plus the retirement give back by employees.

Commissioner Brandon asked about the additional \$115,000 for the services to other departments. Mr. Robinson replied the amount represents the cost of the asphalt that the Port buys from DPW and services to other departments. The Port anticipates making a payment to the City for \$2 million for services that other City departments provide to the Port.

Commissioner Brandon asked if the \$2 million was in the original budget. Mr. Robinson replied that the \$2 million was not in the budget that was approved by the Port Commission in January 2003 because at that point, the Mayor's office had not given us specific directions to include the \$2 million in the budget.

Commissioner Brandon asked where the \$578,000 in additional revenue is coming from. Mr. Robinson replied that they are coming from various increases in the budget such as additional cruise ship business, etc.

Commissioner Brandon asked if the \$400,000 that the Board allocated for environmental justice was taken out of a line item that was already funded. She also asked about the additional operating expenses of \$458,000. Mr. Robinson replied that the \$400,000 was not taken out of a line item that was already funded. Port staff asked the Board for \$600,000 to increase the materials and supplies for Engineering and Maintenance. They approved \$400,000 to go towards environmental justice. \$458,000 represents the net increase in the operating budget. The budget was always balanced. It was balanced in a different way than what was originally approved by the Port Commission.

Commissioner Brandon asked if the Budget Committee has any recommendations on this matter. Mr. Robinson indicated that they will meet with the budget committee to get their recommendation.

Commissioner Bierman indicated that environmental justice connotes that there have been

injustices. The problems need to be specifically identified and the Commission should be notified. Mr. Robinson indicated that Supervisor Maxwell's overall and general concern for the southern waterfront was heightened with the dirt pile that was removed last year. She was concerned that there might be other materials or elements that could prove hazardous to the community and recommended that a pot of money is set aside to address or investigate the matter. Staff will apprise the Commission about the specifics before any money is expended. He was hopeful that the materials and supplies for Maintenance and Engineering could be considered appropriate expense for environmental justice if they will used to mitigate or prevent some of the issues on the southern waterfront. Staff will apprise the Commission about the result of its meeting with Supervisor Maxwell's office.

Commissioner Bierman asked about the disposition of the pile of dirt. Mr. Robinson replied that it was removed and shipped to Utah at a cost of \$1.5 million.

Commissioner Hsu indicated that he and Commissioner Alioto-Pier have a lot of questions regarding the budget and suggested to move this item to the next meeting after the budget committee has had a chance to meet with Mr. Robinson and his staff.

Commissioner Alioto-Pier indicated that it seems like a lot of people's political concerns are becoming our issue. She emphasized that we need to make sure that what we do is best for the Port and the people on the Port.

Commissioner Hardeman remarked that it is very important that the Port understands what the Board's intentions are for the \$400,000.

Mr. Robinson indicated that staff reluctantly agreed with the creation of environmental justice to avoid having the \$400,000 put on reserve since we already have \$700,000 on reserve for a couple of years.

Jennifer Clary, President of San Francisco Tomorrow, welcomed the new members of the Port Commission. She asked about the Port's current reserve amount. She thinks one reason the Port is getting audited is because of having to reallocate the capital programs which inconvenienced other projects on the waterfront and the incident with the drydock. There's very good cause for an audit especially since it has not been done in 16 years. It does not have to be necessarily political. If there's going to be a meeting of the budget committee, she asked to be notified of the meeting. In the last five years, leases have been signed that have brought five major construction industries to the southern waterfront, a bus line, a major recycling facility and other sources of diesel emissions in a neighborhood that's already heavily impacted by pollution. The Port is a direct cause of environmental justice. \$400,000 is a very small amount to try to mitigate some of those problems that were identified in the Southern Waterfront EIR. The question is how can you limit the budget to just \$400,000 to mitigate some of the environmental justice issues on the waterfront. She suggested that the Commission read the Cal EPA Advisory Committee on Environmental Justice; it contains a legal definition of environmental justice and some great recommendations that were developed by statewide process.

Commissioner Alioto-Pier commented that the Commission is not against the audit. They want to ensure that the Port does not get gouged in the process.

Ms. Clary remarked that when Harvey Rose does an audit, the Commission will get an opportunity to comment on what they should be doing.

Commissioner Bierman asked for a copy of the Cal EPA Advisory Committee's recommendations on Environmental Justice. Ms. Clary replied that she will provide it to Diane Oshima for distribution to the Commission.

ACTION: Commissioner Hsu moved approval to continue this item to the next meeting; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

B. Informational Briefing regarding changes to the Commission approved Capital Project De-funding.

Administrative Services Director Joel Robinson indicated that the Commission approved the capital budget in January. Through the Mayor's and Board of Supervisors' process, an environmental justice category was created and was allocated \$400,000. That money is now in the capital budget which was different from what the Commission approved in January. Everything else remains the same.

Commissioner Brandon asked if the \$400,000 came out of the facilities budget. Mr. Robinson replied that it came out of the operating budget and it is now a part of the capital budget.

Commissioner Brandon indicated that the Commission originally approved the reallocation of \$12 million of previously appropriated capital project funds. Now that the reallocation process is complete, only \$11,216,000 of previously appropriated capital project funds were reallocated. She asked for an explanation. Mr. Robinson replied that when staff notified the Commission in February of the reallocation of funds, projects continued to be funded. The difference between what staff asked for and what the Commission is approving today is the difference of the staff being paid out of capital projects.

C. Informational Presentation by the San Francisco Fire Department regarding the fire boat operations. (Verbal Report; no staff report prepared for this item.) This item was taken off the calendar.

8. NEW BUSINESS/PUBLIC COMMENT

Ernestine Weiss indicated that they spent a horrendous weekend because Port staff issued a permit at Pier 3 for an event that had amplified sound that could have rocked the whole City. She asked the Commission to have somebody look into this matter to ensure that it does not happen again. The Golden Gateway residents did not have any advance notice on the Pier 3 event. She wants to be represented in the NEWAG committee because their issues have not been addressed. Secondly, she asked for fencing around the concrete benches near Pier 7 where skateboarders wreak havoc all the time. The Arts Commission constructed one around their block and they didn't have any problems with it. She suggested that the Port put up a fence around the concrete blocks and put up signs to deter the skateboarders. Thirdly, when she attended the Pier 27-31 design committee meeting, she recommended to the committee to

construct fire exits and prepare evacuation plan on all of the piers in case of an earthquake or an emergency.

Commissioner Bierman asked that staff investigate the noise issue that Ms. Weiss was referring to. Mr. Wong replied that he will investigate the matter.

9. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 4:15 p.m. the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion Item)

- a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 Cases):
- F. Alioto Company, Inc. et al. v. City & County of San Francisco, et al., Superior Court Petition CPF 03-503016. (Discussion Item)
 - Paul D. Roger v. CCSF dba Port of San Francisco, et al. (U.S. District Court, N.D.Ca. C025956 CJS), filed December 27, 2002. (Discussion Item) **This item was taken off the calendar.**
- b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Defendant)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

This session is closed to any non-City/Port representative. *

- a. Property: Pier 70/SWL 349
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*PUC: Ed Smeloff, Asst Gen Mgr., Power Policy, Public Utilities Commission

Commissioner Alioto-Pier was excused and left the meeting at 6:15 p.m.

10. RECONVENE IN OPEN SESSION

At 6:33 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Bierman moved approval to adjourn executive session and reconvene

in open session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

ACTION: On behalf of Commissioner Alioto-Pier, Commissioner Brandon made a motion to adjourn the meeting in memory of Annette Lazio, proprietor of Alioto-Lazio Fish Company, a Port tenant of long standing. Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

A moment of silence was observed in memory of Annette Lazio.

11. ADJOURNMENT

The meeting was adjourned at 6:35 p.m.



MEMORANDUM

September 17, 2003

TO: MEMBERS, PORT COMMISSION

Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong *DW*
Executive Director

SUBJECT: Informational Presentation on the Port of San Francisco's Passenger Cruise Business for 2003 / 2004.

**DIRECTOR'S RECOMMENDATION: FOR INFORMATION ONLY
NO ACTION REQUIRED**

BACKGROUND

The Port of San Francisco has one of the most diverse maritime business portfolios of any port in the United States. Passenger Cruise shipping is one of the Port's leading maritime industries and is projected to grow significantly over the next five years. For example, this week the Port will host ten cruise ships over a nine-day period, including tomorrow when three ships will call simultaneously, providing San Franciscans with the opportunity to see a ship work at the future site of the James R. Herman International Cruise Terminal at Piers 30/32.

The cruise business adds significant economic vitality to the City and the entire Bay Area. This industry directly benefits and supports our other maritime industries by regularly procuring local services such as tugboats, pilots, longshoremen, stevedore companies, ship suppliers and ship repair. Last year San Francisco Drydock Inc., which employs hundreds of workers representing ten different trade unions, generated over 30% of their total revenues from cruise ship repairs and maintenance.

This business also benefits San Francisco's leading industry, tourism, which is in the midst of an unprecedented downturn. The Port's passenger cruise business has grown an average of 53% per year since 2001, and spending by cruise ship passengers and crewmembers helps to support San Francisco's airlines, hotels, taxis, restaurants and retail shops.

This Print Covers Calendar Item No. 4A

Global uncertainties have changed the purchasing habits of North American travelers over the past two years. Concerns about safety and security; civil unrest around the world; SARS and similar health epidemics; and layoffs and the potential for further economic downturns have shifted the demand for travel to locales closer to home and away from the more distant, exotic destinations. As a result, many domestic cruise ports such as Baltimore, Philadelphia, Galveston, Charleston and San Francisco have all experienced radical increases in passenger volumes. This growth trend can be expected to continue for the next four to five years, as passengers become more comfortable travelling on big ships, and feel more in control by driving themselves rather than flying to regional ports. This continued behavior will also lead to new growth markets for San Francisco, such as the West Coast to Hawaii and the Mexico-roundtrip cruises that will be new for 2004.

This year, the Port will handle 77 cruise operations bringing more than 140,000 passengers to San Francisco - the largest volume of cruise traffic in the past 30 years. Next year we will see these numbers swell to 91 cruise calls and more than 210,000 passengers: Arguably the busiest year in San Francisco's history. A recent update to a Port Economic Impact Study conducted by an independent consulting firm showed that over \$35 million in annual economic benefits will be derived from the cruise industry this year alone. And that impact is expected to increase by 40% next year – to over \$50 million in purchases of goods & services, wages, benefits, and local & state taxes.

On average more than 3,000 passengers and crewmembers pass through the cruise terminal every time a ship is in port. When two or more ships call simultaneously, the crowds grow proportionately. This high density of people and activity present new challenges to Port staff, as stricter safety and security measures are put in place by the Department of Homeland Security, and costs per passenger are more closely scrutinized by the cruise lines. Fortunately, the Port has received over \$3 million in federal assistance to help us re-design terminal operations and address these concerns.

Similarly, it remains in the Port's interest to both promote maritime commerce and to protect San Francisco Bay's air and water quality so that maritime commerce can grow and prosper, as environmental concerns also offer challenges for better port management. To this extent, the Port Commission recently approved a set of best operating practices and standards that will be implemented at all of the Port's facilities where cruise ships might call. These practices provide:

- incentives to cruise lines meeting or exceeding specific emissions limits;
- prohibit future berthings for vessels that violate these standards more than three times; and
- establish an air quality advisory committee that will meet regularly, review new technologies, explore the potential for alternative fuels, and design the environmental criteria that will protect San Francisco's air and water quality for the future.

The first meeting of this committee is scheduled for Wednesday, September 24th.

The second part of the document provides a detailed overview of the various methods used to collect and analyze data. It describes the different types of data sources, such as surveys, interviews, and focus groups, and explains how this information is used to identify trends and patterns. The document also discusses the importance of ensuring the reliability and validity of the data collected.

The third part of the document focuses on the analysis and interpretation of the data. It describes the various statistical techniques used to analyze the data, such as regression analysis and correlation analysis, and explains how these results are used to draw conclusions. The document also discusses the importance of considering the context of the data and the potential limitations of the analysis.

The fourth part of the document discusses the implications of the findings and the need for further research. It highlights the key findings of the study and discusses the potential impact of these findings on the field. The document also identifies areas for future research and provides recommendations for how to improve the quality of the data and the analysis.

The final part of the document provides a summary of the key findings and conclusions. It reiterates the importance of maintaining accurate records and the need for transparency and accountability. The document also provides a final recommendation for how to improve the quality of the data and the analysis, and concludes with a statement of the author's appreciation for the support and assistance provided throughout the project.

Currently San Francisco does business on average with 27 different ships representing 14 different cruise brands annually, one of the most diverse books of cruise business on the West Coast - second only to Los Angeles. This makes the marketing effort more challenging as more decision-makers are involved, and the varied operational considerations of so many different ships require greater attention to detail and more personalized customer service. However, Port staff has experienced success in developing incentive programs and stronger relationships with the cruise lines, travel agents, and at the consumer level. The informational presentation will provide insights outlining the commercial aspects of this important maritime business, explaining the dynamics that drive market demand, defining San Francisco's four major cruise markets, and highlighting the forecasted growth for the next five years.

Prepared by: Peter Dailey, Maritime Director and
Gerry Roybal, Maritime Marketing Manager

SEP 19 2003

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SAN FRANCISCO PORT COMMISSION

REGULAR MEETING

3:00 P.M., TUESDAY, SEPTEMBER 23, 2003

PORT COMMISSION HEARING ROOM, 2ND FLOOR

FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

AGENDA

1. ROLL CALL

2. APPROVAL OF MINUTES - September 9, 2003 Regular Meeting

3. EXECUTIVE

A. Executive Director's Report

- New Appointment to Cruise Terminal Environmental Advisory Committee
- Fleet Week – October 10-13, 2003

4. MARITIME

A. Informational Presentation on Port of San Francisco Cruise Business for 2003/2004.

5. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

6. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion Item)

- a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d):
 - Paul D. Roger v. CCSF dba Port of San Francisco, et al. (U.S. District Court, N.D.Ca. C025956 CJS), filed December 27, 2002. (Discussion Item).
- b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

a. Property: Pier 27-31

Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*S.F. Piers 27-31, LLC: Steven J. Jacobsen, Executive Vice President

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 27-31.

b. Property: Seawall Lot 301 (Triangle Parking Lot)

Person Negotiating: Port: Ken Winters, Director of Real Estate

*Fisherman's Wharf Restaurant Association: Timothy McDonnell

Under Negotiation: _____ Price _____ Terms of Payment X Both

An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Seawall Lot 301.

7. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

8. ADJOURNMENT

SEPTEMBER/OCTOBER 2003

SEP 19 2003

CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
September 23	3:00 p.m.	Port Commission	Port Commission Room @ the Ferry Building
October 14	3:00 p.m.	Port Commission	Port Commission Room @ the Ferry Building August
October 28	3:00 p.m.	Port Commission	Port Commission Room @ the Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. Effective June 24, 2003, the Port Commission meetings will be held in the Port Commission Hearing Room located on the second floor of the Ferry Building. Contact Amy Quesada at 274-0406. *The Commission Agenda and staff reports are also posted on the Port's Website @ www.sfport.com.*

The Brannan Street Wharf Citizens Advisory Committee meets on an as-needed basis to develop a concept plan for this planned open space in the South Beach area. Meetings are held in the Bayside Conference Room at Pier 1. Contact Person: Dan Hodapp @ 274-0625 or dan_hodapp@sfport.com

The Cruise Terminal Environmental Advisory Committee's first meeting will be September 25 at 10 a.m. in the Bayside Conference Room at Pier 1. Contact Person: John Doll (regular schedule to be determined)

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Please contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 - 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Please contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at www.sfport.com.

Table 1. Summary of the data collected for the study.			
Variable	Unit	Mean	Standard Deviation
Age	Years	35.2	12.5
Gender	Male/Female	50/50	
Education	High School/College/Graduate	60/30/10	
Income	Dollars	\$45,000	\$15,000
Marital Status	Married/Single/Divorced	70/20/10	
Occupation	Various		
Health Status	Good/Fair/Poor	80/15/5	
Stress Level	Low/Medium/High	30/40/30	
Life Satisfaction	1-10 Scale	6.5	2.0

The data were collected from a sample of 100 individuals, representing a cross-section of the population. The sample was selected using a random sampling method to ensure that the results are representative of the population.

The study was conducted over a period of six months, during which time data was collected from the sample. The data was then analyzed using statistical methods to determine the relationships between the variables.

The results of the study indicate that there are significant differences in the variables across the different groups. For example, the mean age of the sample was 35.2 years, with a standard deviation of 12.5 years.

The data also shows that the majority of the sample is married (70%), and that the majority of the sample has a high school or college education (90%). The mean income of the sample was \$45,000, with a standard deviation of \$15,000.

The study also found that the majority of the sample is in good health (80%), and that the majority of the sample has a low to medium stress level (70%). The mean life satisfaction score of the sample was 6.5, with a standard deviation of 2.0.

The results of the study suggest that there are significant relationships between the variables. For example, the data indicates that there is a positive relationship between age and income, and a negative relationship between age and stress level.

The study also found that there are significant differences in the variables across the different groups. For example, the mean age of the sample was 35.2 years, with a standard deviation of 12.5 years.

The data also shows that the majority of the sample is married (70%), and that the majority of the sample has a high school or college education (90%). The mean income of the sample was \$45,000, with a standard deviation of \$15,000.

The study also found that the majority of the sample is in good health (80%), and that the majority of the sample has a low to medium stress level (70%). The mean life satisfaction score of the sample was 6.5, with a standard deviation of 2.0.

ACCESSIBLE MEETING INFORMATION

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

- A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
- B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
- C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. and Drumm St.

Pier 1:

The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine.htm>

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

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**SAN FRANCISCO
PORT COMMISSION**

**SEPTEMBER 23, 2003
MINUTES OF THE MEETING**

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHELA ALIOTO-PIER
HON. SUE BIERMAN
HON. WILFRED HSU

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING SEPTEMBER 23, 2003

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:10 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, and Wilfred Hsu. Commissioners Michela Alioto-Pier and Sue Bierman arrived at 3:15 p.m.

2. APPROVAL OF MINUTES - September 9, 2003 Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Hsu seconded the motion. All of the Commissioners were in favor; the minutes of the September 9, 2003 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report. Executive Director Douglas Wong reported the following:

- **New Appointment to Cruise Terminal Environmental Advisory Committee**
As announced at the Port Commission meeting on August 26, the Cruise Terminal Environmental Advisory Committee will hold its first meeting on September 25th at 10:00 a.m. at Pier 1. The organizations invited to represent the cruise lines, the Pacific Merchant Shipping Association and the International Council of Cruise Lines, are unable to participate. Inchcape Shipping Services, the port agent for several of the cruise lines that do business at Pier 35, will represent the cruise lines. There are no other membership changes expected to the air and water quality advisory groups. This environmental committee will meet on a regular basis, and Port staff will report back to the Commission as appropriate with the group's recommendations of feasible measures to address water and air quality impacts.
- **Fleet Week**
Mayor Brown and members of the Fleet Week Committee and representatives of the United States Navy held a press conference this morning announcing the kick off of Fleet Week 2003 on San Francisco's waterfront. Fleet Week will be held on October 8 through October 12. This year marks the 22nd year of this historic event. This year's air show will be highlighted by appearances from the US Navy Blue Angels and Canadian Air Force Snowbirds team on October 11 and October 12. The air show will also feature an action-packed line up of top aviation acts. The Navy's Parade of Ships will kick off the Saturday morning events starting at 11 a.m. with 8 US Navy vessels, a Coast Guard Cutter vessel, and the U.S. Jeremiah O'Brien. In addition, Hornblower Cruise and KSFO Radio will present Fleet Week fireworks on Friday and Saturday evenings at 8:30 p.m. between Piers 39 and Pier 45.

4. MARITIME

A. Informational Presentation on the Port of San Francisco's Passenger Cruise Business for 2003 / 2004.

Maritime Director Peter Dailey indicated that this week the Port will host ten cruise ships over a nine-day period, including tomorrow when three ships will call at the Port of San Francisco simultaneously, providing San Franciscans with the opportunity to see a ship work at the future site of the James R. Herman International Cruise Terminal at Piers 30/32. In recent months, they focused on the development of a new cruise terminal and on the environmental aspects in the cruise operations in San Francisco Bay.

The Port of San Francisco has one of the most diverse maritime business portfolios of any port in the United States. Passenger Cruise shipping is one of the Port's leading maritime industries and is projected to grow significantly over the next five years. Today, the Celebrity Summit is docked at Pier 35 and disembarked thousands of passengers for tours throughout the City. At 6 p.m. tonight, it will sail from San Francisco through the Panama Canal to Fort Lauderdale. The cruise business adds significant economic vitality to the City and the entire Bay Area. This industry directly benefits and supports other maritime industries by regularly procuring local services such as tugboats, pilots, longshoremen, stevedore companies, ship suppliers and ship repair. Last year San Francisco Drydock Inc., which employs hundreds of workers representing ten different trade unions, generated over 30% of their total revenues from cruise ship repair and maintenance.

This business also benefits San Francisco's leading industry, tourism, which is in the midst of an unprecedented downturn. The Port's passenger cruise business has grown an average of 53% per year since 2001, and spending by cruise ship passengers and crewmembers helps support San Francisco's airlines, hotels, taxis, restaurants and retail shops.

Global uncertainties have changed the purchasing habits of North American travelers over the past two years. Five or six years ago, the Port had 33 cruise calls with only 37,000 passengers. Next year, Port staff anticipates close to a hundred cruise calls with over 220,000 passengers. Port staff expects this trend to increase within the next five years.

Maritime Marketing Representative Gerry Roybal provided the Commission a commercial overview of the market, the factors impacting the volume and the opportunities for cruising in San Francisco and in the future.

Mr. Roybal indicated that the passenger cruise business in San Francisco is in a dynamic growth phase. It is one of the more positive aspects of the maritime bundle of businesses that the Maritime Department handles. There are 8 different maritime industries in Maritime's diverse portfolio. The passenger cruise industry is very diverse in its own way. The Port of San Francisco services three geographical sectors with the passenger ships: (1) Alaska and Mexico, (2) Trans-canal, and (3) Round-the World. This year, Celebrity Cruises is introducing a new coastal itinerary focused just on California Coastal Ports in response to the shift and demand for domestic cruising because of global uncertainties. The trans-canal cruise ships transport passengers inter-coastal from East Coast to West Coast through the Panama Canal. The Port also has a fairly significant international

business composed of round-the-world cruises. San Francisco is well known and respected as the world's most attractive destination. The cruise business provides a mix of different size ships as well as diverse operating conditions and possibilities. The Port has to be prepared to deal and to provide for them all. Every year, the Port handles an average of 27 different ships of various sizes, as short as 325 feet with 140 passengers or as long as more than 3 football fields with 2600 passengers. The Summit is 965 feet in length.

Typically the Port does business with 14 different cruise lines. Because of the demographic and cycle graphic in this area which is the purchasing habits of the population base that it services as well as the people it attracts via the SF International Airport to board the cruise ships, there are more luxury brands coming out of San Francisco. On average, six of the 14 different cruise lines the Port does business with each year are luxury market brands. Eight are mainstream brands. There is growth in the mainstream brands as more families are sailing out of San Francisco. There is a big increase in the "drive-to" market. More independent passengers from Western Canada, west of the Rockies, and Bakersfield are making their own way to the ship, buying pre-and post-stay days at hotel rooms. This is evidenced by the increased demand for parking in the last year and a half. This provides the Port with many diverse operational considerations. It's paramount and very critical that the cruise facilities are designed to be flexible to handle 27 different ships each year. They need to adjust to the parameters, length and heights of the ships. The current facility has to continue to be flexible to meet the customer's needs and the design for the new cruise terminal must be flexible as well.

A flexible facility also provides a unique opportunity with respect to marketing. With 14 different cruise lines calling at the Port, Port staff is dealing with more decision-makers than is typical at any other ports. Those executives are going to decide whether their ships, their floating inventory, will come your way or bypass you. The Port's current activity is very positive. It is the biggest year in passenger cruising in decades. This year, the Port will have 77 calls which by comparison is not necessarily a huge number. If you take a look at our average in 1975, the Port was handling about 130-140 calls every year. Back then, there were 5 cruise terminals operating simultaneously. This year, with one cruise terminal, the Port will handle 77 calls with 140,000 passengers. In 1975, at a 130-call average, there were only 110,000 passengers. Today, the Port is attracting more calls of bigger ships, which generate the economic impact of the local community and revenues to the Port. With Celebrity Cruises opening up a new market in the fall and in the spring, concentrating mainly on the California coastal runs, for the first time in ten years ships will be calling at the port every month of the year. Our terminal is now open all year round. This is precisely the position the Port would like to be in. Because the terminals are open every month of the year, there is consistency in operating labor. The same people tend to work at the cruise terminal. The Port is enjoying the benefits of greater operational efficiencies because of consistency in its call schedule throughout the year. By spreading out the number of calls and targeting different types of cruises, it puts less stress on the facility during the peak periods of September and May, during the Alaska season when two or three ships are calling at the port simultaneously.

According to a study undertaken by Martin and Associates a couple of years ago, the cruise business will generate \$35 million in 2003 (\$9 million in wages and benefits, \$25 million in vessel purchases of goods and services and consumer spending and \$1 million in State & local taxes). It will generate hundreds of full time jobs. Last year, San

Francisco Drydock, the Port's second largest maritime customer, enjoyed more than 30% of its total gross revenues generated by the cruise lines. The drydock typically employs an average of 250-300 laborers a day representing ten different trade unions. With the significant growth in cruise business activity, the forecast for next year's economic impact to the City will be \$50 million.

By opening up a new coastal market, Celebrity Cruises will be the Port's biggest customer. This year, Celebrity Cruises will provide the City 58,000 guests, next year 60,000 guests.

Princess Cruises, traditionally the Port's biggest customer, decreased its business this year because of smaller ships for the Alaska market. Next year, they will provide two homeport vessels with 89,000 passengers, representing 45% of next year's business. Regal Princess for the Alaska market will provide 1600 passengers. Sapphire, the third largest class of cruise ships in the world, for the Mexico market will handle over 2600 passengers.

This year, Holland America test marketed a run of two-week round trip to Alaska but it did not go as well as expected so they decided to send that ship into the Mediterranean next year. In the event things don't stabilize in the Mediterranean, that ship may be back in the Alaska market out of San Francisco next year. Since those bookings are not anticipated, the forecast for Holland America's business for next year will be 6,000 passengers.

Crystal Cruises have been the most stable Port customer in the cruise sector since 1997. They homeported a ship every year and have given the Port 13,000 to 17,000 passengers consistently.

The Port's core business can be defined as four markets, yielding 77 calls, and 140,000 passengers this year. 30% of this business by volume is in the Alaska market, with 33 calls, yielding 43,000 passengers. The coastal trade (California and Mexico) will account for 45% of the Port's business this year, 24 calls and 65,000 passengers. The transcanal business (coast to coast through the canal) accounts for 15% of the Port's business, 7 calls and 20,000 passengers. Round-the-world cruises account for 10%, 13 calls and 14,000 passengers.

There are significant factors involved in the increase of the cruise business.

- (1) Fleet expansion. Currently, there are over \$18 billion worth of investments in new ships being built around the world for cruise lines. There is a 40% expansion over the past seven years in the fleet's capacities. They are looking at different types of ports such as San Francisco; Galveston, Texas; Charleston, South Carolina; and Boston.
- (2) Safety and Security. Currently, the perception of a passenger cruise ship is more positive than travel on air. More people are taking ships because they feel safer.
- (3) Global Unrest. There has been a shift in demand to more domestic markets. As a result, San Francisco has been given an opportunity to open its doors to that market.
- (4) Aggressive Marketing. Since 1997, Port staff has crafted a volume incentive program targeted at attracting more calls of bigger ships. The more passengers the cruise lines provide, the more discount they get on Port fees and charges.

The Port and Metropolitan Stevedore Company, the Port's terminal operator, have been focusing on greater labor efficiencies and operational design at Pier 35 and have been very successful. The results have been very positive and the cruise lines have so noted.

For 2004, the Port has already booked two brand new emerging markets, providing 31 calls and 96,000 additional passengers. Princess Cruises will be back next year. It will be sailing to Mexico every ten days, providing 30,000 passengers to the Port. More importantly, the Hawaii market will open up for the Port with a total of nine sailings.

Mr. Roybal stated that as of this morning, there is a 90% certainty that Norwegian Cruise Lines (NCL) will be refurbished and granted, through legislation, the ability to reflag a foreign ship. The Norwegian Sky will come back and visit the Port in May and go to Alaska. At the end of its Alaska season, it will come into the San Francisco Drydock in August for a complete refurbishing, renovation and reflagging. It will provide 3-4 weeks of work to the drydock. It will be rename the Pride of Aloha and it will sail one or two round trips out of San Francisco to Hawaii before it goes to Hawaii permanently. In addition, NCL will also provide the Port the Hawaiian market next year with its newly built ship, the Pride of America. It was originally built in Mississippi but that project went bankrupt. The hulls were bought and sent to Germany. The ship will come back completed; it will have an American bottom but a foreign hull. They will be allowed to sail from the West Coast to Hawaii. The Hawaii business will account for about 14,000 passengers, an additional 4% of cruise business.

Mr. Dailey provided the Commission an overview of the operational issues Port staff faces with the influx of new cruise business. He indicated that there will be a lot of business as well as a lot of challenges. The current cruise terminal was built in 1914 and is not an efficient terminal to handle these types of ships. In many cases, the ships are bigger than the pier. The James R. Herman Cruise Terminal project will help the Port with its efforts and it will be an icon on the waterfront.

Gerry Roybal has done a great job in the marketing of the cruise lines over the years and Michael Nerney, who came from the cruise industry, has helped out in recent years. Mr. Nerney has been given the Celebrity Cruises account. Both gentlemen have been focusing on increasing our business. Gerry Roybal has done a great job with Cruise the West, which is a consortium of West Coast Ports to market West Coast itineraries to the cruise lines. Marketing aside, the operation is really where the hard work takes place. John Davey heads up the team. Denise Turner has been working on cruise ships in San Francisco her entire career. They are at the terminal waiting for the cruise ships at 5 a.m. to make sure that the customers' needs are met, the facilities are up to standard and the relationship with the ship's staff continues. Metropolitan Stevedore is our partner in the industry. They pay the Port the right to operate the terminal. Metropolitan has been at Pier 35 for a long time. Pat Andrich, Vice President of Metropolitan Stevedore, flew from Los Angeles for this week's flurry of cruise activities. Metropolitan has stepped up in recent months to work closely with labor and to manage the terminal in an efficient manner.

The cruise business is not guaranteed. There's a lot of hard work to keep it. Last week, he attended the CAPA meeting where he was informed by his counterpart in Oakland that their Port Commission hired a consulting company to do a feasibility analysis of taking the cruise business to the Port of Oakland. This Port can't rest on assuming that the

business will come to San Francisco. The cruise lines are looking to save money and to fill their ships. Port staff needs to stay on top of its game to keep the cruise business in San Francisco. Pier 35 has some operational challenges. The terminal is inefficient, it's old and it's expensive. Staff has to continue to work hard to make the terminal as efficient as possible. Fendering and dredging is an expensive operation. It has to be done until the new cruise terminal is built. Every year and a half, staff evaluates the fendering and dredging operation to make sure the ships can berth at Pier 35. Pier 30/32 will give the Port an advantage because it will have a front line fendering system and require very little dredging which will save the Port enormous amounts of money.

Parking and traffic. Tomorrow, the Embarcadero will be busy when three ships are on port and 4,000 passengers will be embarking and disembarking the ships. Parking and traffic officers as well as police officers were hired to facilitate automobile and passenger traffic flow.

Homeland security. Security is of paramount importance to everybody. The Port obtained over \$3 million from the federal government for security improvements mandated by the Transportation Security Administration. It will enhance passenger screening and processing.

Environmental issues are at the forefront of Port issues. The first meeting of the cruise industry task force is scheduled on Thursday, September 25. The task force is charged with making sure that the best operating practices are exceeded and the Port is the cleanest and greenest port in the U.S. The Port will offer cruise ship incentives and will explore new technologies, research, possible alternatives such as shoreside power and less sulfur fuel usage, etc. Working with the environmental community and the industry will ensure that San Francisco is in the cutting edge of making sure that the water and the air are clean. Staff forecast that the Port will have more calls of bigger ships in the coming years and would like this business to continue on to the new James R. Herman Cruise Terminal which should be on line in a few years. Staff will have to work hard to ensure that the economic vitality generated by the cruise industry to the City continues and grows through the next few years.

Concerns about safety and security, civil unrest around the world, SARS and similar health epidemics, layoffs and the potential for further economic downturns have shifted the demand for travel to locales closer to home and away from the more distant, exotic destinations. As a result, many domestic cruise ports such as Baltimore, Philadelphia, Galveston, Charleston and San Francisco have all experienced radical increases in passenger volumes. This growth trend can be expected to continue for the next four to five years, as passengers become more comfortable travelling on big ships, and feel more in control by driving rather than flying to regional ports. This continued behavior will also lead to new growth markets for San Francisco, such as the West Coast to Hawaii and the Mexico-roundtrip cruises that will be new for 2004.

Maritime Marketing Manager Gerry Roybal reported that this year, the Port will handle 77 cruise operations bringing more than 140,000 passengers to San Francisco, the largest volume of cruise traffic in the past 30 years. Next year, it will increase to 91 cruise calls and more than 210,000 passengers, arguably the busiest year in San Francisco's history. A recent update to the Port Economic Impact Study conducted by an independent consulting

firm showed that over \$35 million in annual economic benefits will be derived from the cruise industry this year alone. That impact is expected to increase by 40% next year to over \$50 million in purchases of goods & services, wages, benefits, and local & state taxes.

On average more than 3,000 passengers and crewmembers pass through the cruise terminal every time a ship is in port. When two or more ships call simultaneously, the crowds grow proportionately. This high density of people and activity present new challenges to Port staff, as stricter safety and security measures are put in place by the Department of Homeland Security, and costs per passenger are more closely scrutinized by the cruise lines. Fortunately, the Port has received over \$3 million in federal assistance to help re-design terminal operations and address these concerns.

Commissioner Alioto-Pier commended staff for a great presentation. She asked what the Port needs to do to be the foremost cruise ship terminal in the country and what the Port of Oakland is planning on doing. She also asked how many of the U.S. flagship cruises will call at the Port.

Mr. Dailey replied that Port staff need not be complacent. A program is in place to increase the cruise business. The Port has seen growth in the last few years. The cruise lines, once a decision is made, tend to follow the leader and if one of the competitors open up an operation in San Francisco calling at California ports, they tend to mimic their itinerary. The Port has to ensure that it meets the needs of its current customers and continues to be aggressive in its marketing efforts. NCL is a perfect example as well as the California-Hawaii market. The Lurline, Mariposa and Monterey regularly sailed between San Francisco and Honolulu. There is a tremendous opportunity for San Francisco to be at the forefront to handle the NCL business being an American flagship.

Commissioner Bierman asked what happened to the Monterey and the Mariposa. Her uncle was the chief engineer on those two ships in the early 50's. Mr. Dempsey replied that the Monterey is now sailing in the Mediterranean. The Mariposa was scrapped and the Lurline sank.

Commissioner Alioto-Pier indicated that the Mariposa and the Monterey were U.S. flagged but ships are no longer being made in the U.S. She asked about Norwegian.

Mr. Dailey replied that a company who wanted to get involved in the Hawaiian business built a ship in Pascagoula, Mississippi with federal loan guarantees but went bankrupt. The government was looking for somebody to take those hulls. NCL stepped up and cut a deal. NCL will finish part of the ship in the U.S., tow it to Germany, outfit it, bring it back and reflag and crew it U.S.

Commissioner Alioto-Pier asked if that is going to be the only US flag passenger ship. Gerry Roybal stated that he does not know if it is but he knows that there's a lot of opportunity at the Port. The vision was that they build two 2100 passenger cruise ships in Mississippi and employ full American labor, fully outfit them with American, fully crew them American and they could take them wherever they wanted. Under the Cabotage Laws, which is known as the Jones Act, those three criterions must be met for the cartage of cargo or the carriage of passengers. They were fully equipped to do that but

unfortunately they couldn't compete against NCL which came in and found a very interesting work around servicing the Hawaiian market. By having a faster ship, they could not only call at four Hawaii ports within the State of Hawaii but they could also travel 980 nautical miles south to Fanning Island, a distant foreign port. The faster ship beat the slower American flag ship. The international crew was preferred to the domestic crew. The business model for American Classic Voyages didn't work. The company fell apart. It left the MARAD holding the bag on \$400 million.

Last year, Senator Inouye from Hawaii was part of the group who put together the omnibus appropriations bill for the \$319 billion federal funding. He managed to sneak in a little codicil that granted a waiver for using a high breed ship. The hulls were built in America but the rest of the ship was framed and outfitted foreign. He managed to sneak that waiver specific to one company, Norwegian Cruise Lines and specific to one state. By keeping it as an intra-state rather than inter-state trade, not a lot of people noticed it. The industry is in a tizzy right now because NCL basically has monopoly and is not viewed as being fair or entrepreneurial or enterprising the way America would like to see it. It has, however, provided an opportunity for the Port. The marketing and operations staff of NCL believe that the two ships built in Germany are eligible to service any domestic trade. NCL also has the purchasing rights to the Independence and SS United States, which are currently laid up in Vallejo and Philadelphia respectively. Both ships are fully American built and they will be fully compliant with the Jones Act but they need to be brought up to 21st Century standards.

Commissioner Alioto-Pier asked what the Commission could do to help. Mr. Roybal replied that there is lobbying efforts going on right now and is being funded chiefly by the Port of San Diego who stands to benefit a lot if it passes as does the Port of San Francisco. The lobbying effort is concentrating on expanding or broadening it so that it could be done inter-state or between two coasts, specifically the West Coast and Hawaii.

Mr. Dailey added that Port staff has been involved in this action effort for the last ten years and has engaged Senators Boxer and Feinstein. There has been reticence from some of the maritime unions to allow the exemption to take place. There is however a weakening of that resolve and there has been some interesting ways to take advantage.

Commissioner Alioto-Pier asked if the money that they are trying to raise is on a statewide ballot. Mr. Dailey replied that the money would be used to continue to have lobbyists working with Congress to find a way to gain exemptions such as Senator Inouye has done. Puerto Rico has an exemption through the Passenger Services Act as well as Hawaii. Staff hopes that this exemption will allow San Francisco to Honolulu calls. Senator McCain has been at the forefront of this effort. Senators Feinstein and Boxer co-authored the bill. A lot of effort has been put into this and there has been some progress but we need to continue to work with NCL.

Commissioner Alioto-Pier asked if Puerto Rico has a complete exemption. Mr. Roybal replied that Puerto Rico has a complete exemption but somehow it has not been used. It's specific to Puerto Rico and the cruise lines have figured work around by using foreign port calls. The Puerto Rico exemption also requires completely American crew and there are no ships doing that in the open seas.

Mr. Dailey indicated that staff would like to see California exemption that would allow passengers to get on a ship in San Francisco and go to Monterey, Santa Barbara, Catalina, Los Angeles, get off the ship in Los Angeles and fly home and another load can take the same trip northbound at the same route. That would be the itinerary that could provide a quantum leap in the amount of passengers the Port has, from 220,000 passengers to 700,000 passengers in a period of a couple of years.

Mr. Roybal indicated that the Port of Vancouver has been so popular because the two cruise lines that service Alaska, Holland America and Princess Cruises, have over \$700 million worth of hotel investments in Denali National Park and throughout Alaska. Their job is to put people on cruise ships and the cruise ships refer the people to the landside vacations and resorts. The only way that can be done under the current law is to load them on a foreign port and discharge them at a domestic port. Business would triple within two years if the requirement is changed.

Mr. Dailey stated that the key is to visit the cruise lines on a regular basis, which staff has done in the last few years. Staff has met with the decision-makers asking them questions, providing them new itineraries, looking at past cruise calls, ascertaining their needs and looking at improving the operation. There is a legislative effort that needs to be revisited to ascertain if it's beneficial to put our resources towards that marketing effort. The City has a lobbyist in D.C. and the Port could utilize this service to push an effort for this legislative amendment.

Commissioner Alioto-Pier asked if the Port has any goals and objectives with respect to the cruise industry. Mr. Dailey replied that we have a quantitative goal to increase passengers by 35% from last year to this year. A lot of cities rally around these issues. The Port of San Diego and the San Diego tourism board worked hand and hand towards attracting more cruise ships to San Diego. With the passenger levels next year, it's the equivalent of having two 747s land on the Embarcadero and let the passengers out right in the middle of the Port. The Port solely worked on this effort. The Convention & Visitors Bureau was interested but not as much. They gave us a little bit of time but they see their job to be different than what the Port would like to generate. The Port has goals and have met them this year and hopes to meet them again next year.

Commissioner Alioto-Pier asked if staff could put together a plan to accomplish that plan. Mr. Dailey indicated that there is a marketing plan aimed at that very topic. He will provide a copy to the Commission and present the strategies and goals and objectives of the marketing plan.

Commissioner Alioto-Pier asked Mr. Dailey to let her know if there's anything she could do to help.

Mr. Roybal pointed out that for the last ten to fifteen years, staff has been trying to obtain more calls of bigger ships and more calls spread out throughout the year. With those two things accomplished, the Port's limited operating facilities can run efficiently, effectively and profitably.

Mr. Dailey indicated that Mr. Andrich's company also provides stevedoring services in San Diego and Los Angeles. They handle half a million passengers a year in Los Angeles

and they handle more passengers in San Diego than in San Francisco. Port staff works with other ports to gather ideas in increasing our cruise business.

Pat Andrich, Assistant Vice President of Metropolitan Stevedore Co. Cruise Operations, indicated that because of the massive growth in cruise business from last year to this year, Metropolitan and the Port got together. The Port hosted a luncheon with ILWU and Metropolitan. Crystal Cruises also hosted a luncheon with the ILWU officials on board their ship. They are getting everybody's commitment. Everybody's buying in and taking some ownership. They all have to work together to make it successful. The improvement in the performance of the longshoremen has been astronomical. They have done a tremendous job because union officials have really taken ownership. There are security challenges after the 9/11 event. The aging Pier 35 terminal presents interesting challenges. The security arm of the ILWU has really stepped forward. They worked very closely with the Coast Guard and Customs and Immigration to make sure they can work the doubleheaders. The relationship and the commitment of Metropolitan and the Port have carried over to those people who are trying to make things work. They have maintained the partnerships and developed a good working relationship with the players involved in making the terminal successful.

Executive Director Wong thanked Maritime staff and Metropolitan for all their hard work and efforts in bringing the cruise business to the Port. San Franciscans can attest to seeing Candlestick Park attract about a million and half Giants fans. When Pacific Bell Park was built, the number grew to 3.5 million fans a year. The landmark Ferry Building was renovated to grandeur and people continue to flock to the waterfront. There is only so much staff can market to the cruise executives. They have met with the executives and have shown them the new rendition of the new cruise terminal. Those executives are getting tired listening to staff. They are excited about coming to San Francisco because this is an international city and people are driven to San Francisco. He hopes to get the support and enthusiasm of the Commission to help staff with pushing these issues and getting the cruise terminal built. The cruise terminal has a developer and a fabulous operator in place as our partners. The Port of Singapore operates the largest cruise operation in the world. They want to put \$400 million of private funds into the new terminal. It gets frustrating at times when staff meets with other regulatory agencies. He hopes that after this presentation the Commission can see what is needed at the Port. The cruise terminal project will be before the Board of Supervisors next week for approval. The Commission could call their colleagues on the Board to support the cruise terminal and talk to John Marks and others about the need of a new cruise terminal in the City. The cruise passengers complain that they're coming into an old garage when they enter San Francisco. They have high expectations when they go underneath the Golden Gate Bridge. The Port of San Francisco nurtured Evergreen and Cosco and they became one of the largest shipping lines in the world. Oakland saw the opportunity and took them from us. Oakland could be doing their homework and who knows what will happen in the next four or five years if the new cruise terminal is not built.

Commissioner Alioto-Pier concurred with Mr. Wong's comments. She asked the director to let them know if there's anything they can do to help. The reason she asked about the Port's goals is to have an idea about the direction the Port is heading into so they can help to make it happen. Frankly, it's great that Oakland is doing what it's doing because competition has a way of lighting a fire under your seat. Hopefully, Oakland will try to

throw their hat in the ring and the Port of San Francisco will step up and better them and vice versa so that ultimately San Francisco will end up with a first-class cruise ship hub and have the best possible product at the best possible price for the people of San Francisco. The Commission needs some direction from the director and be informed of his ideas and what he wants to accomplish. The Commission wouldn't mind talking to the cruise ship executives if that's what the director would like them to do. She emphasized that a little direction from the director would be great.

Commissioner Hardeman thanked Peter Dailey, Gerry Roybal and Pat Andrich for a great presentation.

5. NEW BUSINESS/PUBLIC COMMENT

Commissioner Hardeman brought up a situation that was discovered regarding the budget committee. The Commission created a standing committee which, according to staff, is quite an expensive operation and creates problems with scheduling meetings, sending out notices, securing a room, etc. He suggested disbanding the committee and the Commissioners will be presented issues on a regular basis instead. Commissioners can meet with staff if they need more information.

Commissioner Brandon asked if an informal budget committee could be established. Commissioner Hardeman replied that it couldn't be set up unless the Commission would really like to establish one and secure a meeting room and send out hundreds of notices.

Commissioner Alioto-Pier asked about the cost associated with mailing the notices. Commissioner Hardeman indicated that he was not sure about the cost but having a standing committee is all about economics.

Commissioner Hsu asked if the Commission could take some time to explore the issue before disbanding the committee. Commissioner Hardeman stated that it is a recommendation. If it's imperative to re-establish the committee, this issue will be revisited. In the meantime, the new Commissioners can meet with the Finance staff to get more information. Nothing's being hidden, everything is out in the open.

Commissioner Hsu asked for some time to explore the issue. As President of the Commission, Commissioner Hardeman disbanded the budget committee.

Commissioner Hardeman announced that the October 14th Commission meeting is cancelled. If urgent matters come up, a meeting can be scheduled before the October 28th meeting.

Commissioner Alioto-Pier asked why the next meeting is being cancelled. Commissioner Hardeman replied that there's nothing pertinent in the next agenda that requires Commission action before the October 28th meeting. The Commissioners will be notified of the cancelled meeting and if a meeting needs to be rescheduled.

6. EXECUTIVE SESSION

- A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 4:10 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS (Discussion Item)

- a. Discuss existing litigation matter pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d):
 - Paul D. Roger v. CCSF dba Port of San Francisco, et al. (U.S. District Court, N.D.Ca. C025956 CJS), filed December 27, 2002. (Discussion Item).
- b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.

*This session is closed to any non-City/Port representative. **

- a. Property: Pier 27-31
Person Negotiating: Port: Byron Rhett, Director, Planning & Development
*S.F. Piers 27-31, LLC: Steven J. Jacobsen, Executive Vice President
- b. Property: Seawall Lot 301 (Triangle Parking Lot)
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Fisherman's Wharf Restaurant Association: Timothy McDonnell

At 4:55 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session. Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session. Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 5:00 p.m.



